

Prev  
ListWhere  
Am I?

Thomas A. Edison

Next  
List**Litigation Series -- Phonograph Cases : American Graphophone Co. v. U.S. Phonograph Co. et al.**

This case concerned the basic sound recording and reproducing patents of Edison, Chichester A. Bell, and Charles S. Tainter. The record of an earlier case contesting these patents, *American Graphophone Company v. Edison Phonograph Works*, was entered into evidence. This earlier case contains testimony by Edison and his assistants regarding work on the phonograph in 1877-78 and 1886-88. Legal issues were also raised regarding arrangements made between the American Graphophone Co., the Edison Phonograph Works, and Jesse Lippincott's North American Phonograph Co. The following items have been filmed:

From *American Graphophone Company v. United States Phonograph Company*

Edison's Testimony

Defendants' Exhibits: Edison Caveat of March 8th, 1878

From *American Graphophone Company v. Edison Phonograph Works*

Amended Bill of Complaint

Answer to Amended Bill

Defendant's Testimony

Defendant's Exhibits

The plea to the amended bill of complaint can be found in *New York Phonograph Co. v. National Phonograph Co.*, page 852.

**Document Count: 40**

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Clear Checkboxes

Show Documents

☐ [No Date] -- Litigation Records

☐ 10/18/1895 Edison, Thomas Alva -- Legal Statements and Testimony

(Tainter, Charles Sumner; Lambrigot, M) Books, periodicals, publications; Competition and market structure; Cylinder records

☐ 01/09/1896 Edison, Thomas Alva -- Legal Statements and Testimony

(Columbia Phonograph Co; Edison Speaking Phonograph Co) Sales and service; Research and development; Cylinder records

☐ 03/08/1878 Edison, Thomas Alva -- Patents -- Caveats

(Serrell, Harold; Serrell, Lemuel Wright) Cylinder phonograph; Recording apparatus (cylinder phonograph); Cylinder records

☐ 01/19/1895 American Graphophone Co v. Edison Phonograph Works -- Legal Pleadings

(Tainter, Charles Sumner; Bell, Chichester A) Patent litigation; Patents; Cylinder phonograph

☐ 07/27/1895 Edison Phonograph Works v. American Graphophone Co -- Legal Pleadings

(Tainter, Charles Sumner; Bell, Chichester A) Patent litigation; Patents; Cylinder phonograph

☐ 03/12/1896 Batchelor, Charles -- Legal Statements and Testimony

(Kruesi, John; Edison, Thomas Alva) Patent litigation; Research and development; Cylinder phonograph

☐ 03/14/1896 Russell, Nathaniel E -- Legal Statements and Testimony

(American Graphophone Co; North American Phonograph Co) Sales and service; Cylinder phonograph;



## Cylinder records

- ☐ 03/23/1896 Edison, Thomas Alva -- Legal Statements and Testimony  
(Edison Phonograph Works; Bell, Alexander Graham) Cylinder phonograph; Cylinder records
- ☐ 03/28/1896 Morton, Henry -- Legal Statements and Testimony  
(Bell, Alexander Graham; Tainter, Charles Sumner) Litigation; Cylinder phonograph; Cylinder records
- ☐ 04/01/1896 Searing, Theodore W -- Legal Statements and Testimony  
Litigation; Cylinder phonograph
- ☐ 04/01/1896 Lambert, Frank -- Legal Statements and Testimony  
(Edmonds, Samuel O; Edison, Thomas Alva) Litigation; Cylinder phonograph; Cylinder records
- ☐ 04/01/1896 Pastre, Eugene -- Legal Statements and Testimony  
(Ansonia Clock Co; Lambert, Frank) Litigation; Cylinder phonograph; Cylinder records
- ☐ 04/01/1896 Reynolds, Christopher C -- Legal Statements and Testimony  
(Scientific American; Edison, Thomas Alva) Books, periodicals, publications; Cylinder phonograph; Recording apparatus (cylinder phonograph)
- ☐ 04/06/1896 Herrington, George H -- Legal Statements and Testimony  
(American Graphophone Co; Hatton, Charles) Patents; Cylinder phonograph; Cylinder records
- ☐ 04/06/1896 Hatton, Charles -- Legal Statements and Testimony  
(Herrington, George H) Research and development; Cylinder phonograph; Cylinder records
- ☐ 12/28/1889 American Graphophone Co and Russell, Nathaniel E to Lippincott, Jesse H  
(Western Pennsylvania Phonograph Co; Colorado & Utah Phonograph Co) Production difficulties and adjustments; Cylinder phonograph; Recording apparatus (cylinder phonograph)
- ☐ 02/01/1890 American Graphophone Co and Russell, Nathaniel E to Lippincott, Jesse H  
(Wisconsin Phonograph Co; Old Dominion Phonograph Co) Shipping and materials handling; Cylinder records
- ☐ 02/17/1890 American Graphophone Co and Russell, Nathaniel E to Lippincott, Jesse H  
(Columbia Phonograph Co; Ohio Phonograph Co) Sales and service; Cylinder phonograph; Cylinder records
- ☐ 03/15/1890 American Graphophone Co and Russell, Nathaniel E to Lippincott, Jesse H  
(Western Pennsylvania Phonograph Co; Colorado & Utah Phonograph Co) Shipping and materials handling; Production difficulties and adjustments; Cylinder records
- ☐ 03/31/1890 American Graphophone Co and Russell, Nathaniel E to Lippincott, Jesse H  
(Florida Phonograph Co) Shipping and materials handling; Production difficulties and adjustments; Cylinder records
- ☐ 04/22/1890 American Graphophone Co and Russell, Nathaniel E to Lippincott, Jesse H  
Sales and service; Shipping and materials handling; Cylinder phonograph
- ☐ 04/30/1890 American Graphophone Co and Russell, Nathaniel E to Lippincott, Jesse H  
(Iowa Phonograph Co; Ohio Phonograph Co) Sales and service; Shipping and materials handling; Cylinder records
- ☐ 05/01/1890 American Graphophone Co and Russell, Nathaniel E to Lippincott, Jesse H  
(Georgia Phonograph Co) Production difficulties and adjustments; Cylinder phonograph; Recording apparatus (cylinder phonograph)
- ☐ 05/21/1890 American Graphophone Co and Russell, Nathaniel E to Lippincott, Jesse H  
(Montana Phonograph Co) Sales and service; Shipping and materials handling; Cylinder phonograph
- ☐ 04/00/1878 Edison, Thomas Alva -- Articles  
(Popular Science) Cylinder phonograph; Recording apparatus (cylinder phonograph); Cylinder records
- ☐ 03/17/1896 Lambert, Frank to Edmonds, Samuel O  
(Benjamin, Park) Patent litigation; Cylinder phonograph
- ☐ 02/20/1878 Batchelor, Charles -- Technical Notes and Drawings



(Kruesi, John; Edison, Thomas Alva) Research and development; Cylinder phonograph; Phonograph equipment

☐ 02/22/1878 Batchelor, Charles -- Technical Notes and Drawings

(Kruesi, John; Edison, Thomas Alva) Research and development; Cylinder phonograph; Phonograph equipment

☐ 12/28/1877 Edison, Thomas Alva -- Technical Notes and Drawings

(Batchelor, Charles; Kruesi, John) Patent application; Cylinder phonograph; Talking doll

☐ 09/08/1877 Edison, Thomas Alva -- Technical Notes and Drawings

(Batchelor, Charles; Kruesi, John) Research and development; Cylinder phonograph

☐ 09/09/1877 Edison, Thomas Alva -- Technical Notes and Drawings

(Batchelor, Charles; Kruesi, John) Research and development; Cylinder phonograph; Cylinder records

☐ 11/01/1877 Edison, Thomas Alva -- Technical Notes and Drawings

(Batchelor, Charles; Kruesi, John) Research and development; Cylinder phonograph; Cylinder records

☐ 06/27/1896 American Graphophone Co v. New England Phonograph Co -- Legal Pleadings

(Tainter, Charles Sumner; Bell, Chichester A) Patent litigation; Patent and legal counsel; Cylinder phonograph

☐ 01/07/1895 New England Phonograph Co v. American Graphophone Co -- Legal Pleadings

(Edison Phonograph Co; North American Phonograph Co) Legal concerns (non-litigation); Patent assignments and licenses; Cylinder phonograph

☐ 04/23/1895 Gleason, John B -- Legal Statements and Testimony

(New England Phonograph Co; Lippincott, Jesse H) Organization and management of companies; Legal concerns (non-litigation); Cylinder phonograph

☐ 10/12/1888 New England Phonograph Co and North American Phonograph Co -- Agreements and Contracts

(Lippincott, Jesse H; Edison, Thomas Alva) Legal concerns (non-litigation); Patent assignments and licenses; Cylinder phonograph

☐ 04/00/1895 Edison, Thomas Alva -- Legal Statements and Testimony

(Edison Phonograph Co; Lippincott, Jesse H) Organization and management of companies; Loans; Cylinder phonograph

☐ 04/25/1895 Payne, James G -- Legal Statements and Testimony

(American Graphophone Co; Lippincott, Jesse H) Legal concerns (non-litigation); Cylinder phonograph; Cylinder records

☐ 06/19/1896 U.S. Circuit Court, Massachusetts -- Legal Decisions and Opinions

(New England Phonograph Co; American Graphophone Co) Patent litigation; Legal concerns (non-litigation); Cylinder phonograph

Show Documents

U. S. CIRCUIT COURT. DISTRICT OF NEW  
JERSEY

American Graphophone Co.	} In Equity on Patents No. 341214, 341288. Motion for Prel. Injunction
versus	
United States Phonograph	
Co. and George E. Tewksbury.	

TRANSCRIPT OF ... ARGUMENTS ON A MOTION  
FOR A PRELIMINARY INJUNCTION, MAY 27,  
1898



UNITED STATES CIRCUIT Court  
FOR THE DISTRICT OF NEW JERSEY.

American Graphophone Company,

VS.

United States Phonograph Company, and

George E. Tewksbury,

Book No. \_\_\_\_\_

PAGE \_\_\_\_\_ TO \_\_\_\_\_

Transcript of shorthand notes of testimony taken on the

27th day of May, 1898, before

Hon. Andrew Kirkpatrick,

INDEX.

WITNESS.	DIRECT EX.	CROSS EX.
Argument of Mr. Mauro.	1	
" " " Edwards.	26	
" " " Hayes.	47	
" " " Mitchell.	80	
" " " Mauro, in reply.	112	

Herbert W. Knight,

MASTER AND EXAMINER IN CHANCERY:

SUPREME COURT COMMISSIONER: NOTARY PUBLIC.

STENOGRAPHER AND TYPEWRITER.

Telephone, 1961  
~~791 B.~~

6th Floor, Prudential Building,  
NEWARK, N. J.



IN THE CIRCUIT COURT OF THE UNITED STATES,  
FOR THE DISTRICT OF NEW JERSEY.

American Graphophone Company,	)	In Equity.
	:	
-vs-	:	On Patents No. 341,214,
	:	
United States Phonograph Com-	)	No. 341,288.
	:	
pany, and George E. Tewksbury.	)	Motion for Preliminary
	:	
	)	Injunction.

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Transcript of shorthand reports of arguments taken on the above stated cause on a motion for a preliminary injunction, before the Hon. Andrew Kirkpatrick, Judge of the said Court, at the United States Building, in the city of Newark, N.J., on Friday, the 27th day of May, 1898.

Philip Mauro, Esq., and S.O. Edmonds, Esq., counsel for the complainant.

Howard W. Hayes, Esq., and C.E. Mitchell, Esq., counsel for the defendants.

MR. MAURO: If the Court please--

MR. HAYES: Excuse me a moment. Will there be any objection to using simply one set of affidavits for the motion against both defendants?

MR. MAURO: None whatever, of course.

This is a motion for a preliminary injunction and from the facts and the situation as disclosed in the



papers on both sides a preliminary injunction follows, I think, as a matter of course. Therefore my principal duty will be to show your Honor what the record contains, rather than to make any argument thereon.

The defendants have filed a great many papers and some very long papers; if there be ~~any~~ in them any matter which is fairly worthy of consideration as a possible matter of defence - and after diligently plodding through the wilderness I don't think so - it is certainly such as your Honor will reserve for consideration at the final hearing, meanwhile maintaining the status of this patent and assuming its validity upon the facts which we will show you until the final hearing is reached.

There are two patents in this suit, but there is only one that we urge on this motion, for the reason that it is the only one which has been sustained after final hearing. It is the patent of Bell & Tainter, granted on the 4th day of May, 1886, and now in the twelfth year of its existence, and with such a history behind it as will commend it to your Honor's highest consideration. It is a patent for the art of making durable records of speech and other sounds and for the means of reproducing those records, rendering them audible again when desired.

Everybody knows the phonograph invented by Mr. Edison ~~xxxxxxx~~ in 1877, and the career which that interesting instrument had is a matter of common notoriety and public history. Mr. Edison attempted to make records of sound,



and did within certain limits make what approximated records of sound upon pliable material such as tin foil or paper saturated with wax or other pliable strips and his theory, which was a perfectly true theory, was that if you could cause a material, sufficient yielding and pliable, to be acted upon by a point attached to a diaphragm similar to a telephone diaphragm, if that material be sufficiently yielding to be moulded or indented or embossed, following all the minute vibrations of that point when moving in response to sound waves you would obtain in that yielding strip a record, a copy, of the vibrations which the point performed. The career of that instrument, I say, is well known; it reached its ultimate development in 1878; a number of machines, adapted to make records by indentation upon tin foil, which was the best material which could be used in that operation, were made and they were exhibited and created considerable interest, and awakened great expectations which were evidently predicated at that time on the idea that the instrument would be brought to the point of perfection so as to be capable of practical use. That however was not realized by Mr. Edison's invention; it was not realized then, it has not been realized since, for the simple reason that it is not possible to find any material so yielding that it will receive an exact imprint of all the complex and exceedingly minute vibrations of the stylus, and at the same time so rigid that it can be used again in order to ac-



tuates another stylus and reproduce the sounds.

I have proceeded somewhat upon the supposition that your Honor is familiar at least in a <sup>general way with</sup> the principles of this sound recording instrument, but perhaps I ought ~~xxx~~ to say just one word or two of explanation with reference to that, because the science and the ~~xxx~~ physics of the case are very simple and easily understood.

It is well known that the phenomena of sound is due to vibrations within certain limits of rapidity, which determine the pitch of the sound, and within certain limits of amplitude, that amplitude being, about, an average of 500 to an inch,--about the thickness of a thin sheet of paper,--and that an air particle vibrating anywhere above sufficient 16 vibrations a second and with ~~xxx~~ amplitude will produce the phenomena of sound of a given pitch and a given loudness corresponding to the rapidity and the amplitude of the vibration. It is also well known that sounds differ from each other not only in pitch and loudness, but in another very essential particular which we call "quality," that is, that which distinguishes one word from another, the tone of one person's voice from another, the tone of one instrument from another, and that peculiar characteristic, of "quality," the third characteristic of sound, is due to the manner in which the air particle performs that very small vibration. If it simply swings back and forth like a pendulum it produces a sound having pitch and loudness, but not having quality. The vibration may be

performed in as many different ways as there are different sounds of which the human ear can take note. Consequently the problem, in making a record of sounds, was to get appliances that would be capable of preserving an exact copy of that microscopical performance of the air particles, a problem the like of which was never before presented in mechanics, and the instrument that does that I do not hesitate to say is the most marvelous achievement of pure mechanics; because there is nothing electrical about it, there is nothing chemical about it, it is purely ~~xxxxxxxxxxxxxxxxxxxx~~ and simply a mechanical device, and that is what the successful talking machine does.

With that understanding of the matter it is very easy to see, and I need not go into that, that it would be impossible to make perfect records of sound by indenting a yielding material; but if the records are made there are other difficulties to be overcome. A sheet of tin foil, wrapped on a cylinder, having a record impressed upon it, could not be taken off the cylinder, because in so doing the indentations would be distorted, and when it was desired to reproduce the sound it had to be done on the same machine. For this and other reasons Mr. Edison, having turned his attention in 1878, to the development of the electric light, left the phonograph where it was then, and for a period of seven years nobody appeared with sufficient genius to solve the problem which he left unsolved. Those <sup>were the</sup> seven years of famine in the art, and they were



followed by seven years, and more than seven years, of great plenty; for in 1886 the patent of Bell & Tainter was issued as the result of the joint work of those two inventors carried on in Washington for a number of years at the Volta Laboratory Association, which was founded by Alexander Graham Bell, ~~XXXXXXXXXXXXXX~~ and it became one of the offsprings of the telephone, and next to the telephone the acoustical instrument of the greatest value we have at this day.

I am not going minutely into the details of this invention, as that is not necessary for the purposes of this case. The infringement here includes only one element of the system, and that is the central element of all, to wit the sound record. Such a thing as a sound record had no commercial existence, in fact there was no such thing at all until this patent gave it to the world. The main and essential characteristic of the Bell & Tainter invention which distinguishes it from everything which had gone before is, that instead of trying to impose the movement of a stylus upon a sheet of pliable material they resorted to the method of engraving, cutting out and engraving a record in a solid material. They therefore produced as the result of their invention a sound record, of which I have one in my hand, which is not only a distinct article inasmuch as it is characterized by the presence of engraved records of sound in its surface, but, more than that, it is an article of commerce, it is an article which can

be and is manufactured, sold and used by the thousands, as distinguished from what prior experimenters had tried to make, indentations upon a pliable strip. So that for the first time in the history of the world such a thing as a sound record came into existence in the year 1886, a little over twelve years ago. If your Honor will look at that (Handing complainant's sound record to the Court) and look very closely, I think you will be able to see a hair like groove; it is less than one hundredth part of an inch wide, and of an average depth of not greater than a five hundredth part of an inch.

THE COURT: Going around this way (Indicating)?

MR. MAURO: Going entirely around.

THE COURT: It looks as though a very fine screw had gone around there.

MR. MAURO: That is what it is, it is a helix, beginning at one end and going entirely to the other.

THE COURT: I see it.

MR. MAURO: That is as it is made by the engraving sound recorder of the graphophone, or phonograph, the names are used indifferently and apply to the same mechanism.

In that surface of wax like material has been cut out a groove of varying depth, the various irregularities correspond exactly to the sound waves which beat upon the diaphragm during the time this particular record was made, and that is such a faithful and accurate copy, such a perfect reproduction of the movements of the air parti-



cles that when that same record is put into the same machine or another machine, and a small stylus, with a blunt point this time, is allowed to rest upon it so as to be in contact with it, that stylus will be forced to copy all the motions that the cutting stylus performed in making that record, so that the air receives corresponding vibrations and the same sounds will be heard.

That new device is covered by this patent as your Honor will see by turning to the specification following page 34 of our record. I need not go into the description, but I will go at once to the claims. If your Honor will turn to page 6 of the specifications-- I am not going to dwell upon that because there is no controversy about the nature of the invention -- and look at the seventh claim, which is the first of the claims involved in this litigation, you will see that it says:

"A sound record consisting of a tablet or other solid body having its surface cut or engraved with a number of lines of variable cross section, the irregularities or variations corresponding in form to sound waves, substantially as described".

That claim is so clear that I think no explanation of it is needed.

"8. A sound record consisting of a tablet or solid body having its surface cut or engraved with a number of lines of variable cross section, the irregularities or variations corresponding in form to sound waves, substantially as described."

In claim 10, we have a more specific claim, but all these claims at this late day still represent the device used for recording and reproducing speech.

"10. The sound or speech record cut or engraved in wax or a wax like composition".

It has been found that only substances which partake of the nature of wax in being readily cut away and offering slight resistance to the motion of the stylus were available in making proper sound records.

Now we go to claim 17.

"17. The sound record in the form of an irregular groove with sloping walls cut in solid material".

That sloping wall has this importance --

THE COURT: What is that on here (Referring to complainant's sound record)?

MR. MAURO: It is that which you cannot see, but it would look like this (Illustrating) the record is down at the bottom of that groove.

The object of the sloping wall is that in the use of the reproducing stylus it would be difficult to keep that in engagement with such a fine groove, without it, but the fact that this groove has sloping walls, and that the material is hard and resisting, accomplishes that end. There (Indicating) is the stylus which is simply allowed to drop into that groove; that strikes down here (Indicating) and comes in contact with the sound record, and the sloping walls keep it in contact with it. So that peculiar feature has that utility.

This invention came very prominently into use, and we now enter upon the history of the patent. For a period of five or six years it was one of complete acquiescence. This invention took the world by surprise. Mr.



to record and reproduce sounds; Edison had given up for seven years, his attempt; the art was absolutely stagnant, no one had attempted to carry it forward to a point of commercial utility, so that when this invention did come out the public were entirely unprepared for it. Shortly after that Mr. Edison again turned his attention to the subject of phonographs, adopted the invention of Bell & Tainter, made a great many improvements upon it, and went into the business of manufacturing these devices under the name of the "phonograph," while the American Graphophone Company, the owners of the patent, were also manufacturing the same instrument practically under the name of "graphophones." An arrangement was made whereby the Edison Phonograph Company became licensed to manufacture these instruments and sound records, and that business arrangement ran along for a period of two or three years until by improvident management it came to commercial disaster. Then followed a period of considerable trial for those who had invested their means in these enterprizes, and a period of considerable doubt; Mr. Lippincott, the man who had undertaken to finance this arrangement, became insane and finally died. Then Mr. Edison continued to manufacture for awhile, outside of the patent. We held <sup>that</sup> his license had terminated, he held it had not, and that gave rise to great litigation in this Circuit, the records of which are in this court, and which was begun I think, in the Spring of 1894, and terminated in December, 1896. Mr. Edison defended

first on the ground of license, that the license which I spoke about was still in force. That came up before Judge Acheson, and was disposed of, he holding with the complainant, that the license had terminated. Mr. Edison also defended on the validity of the patents, in fact he put in every possible defence that could be presented, to these patents, and the bulk of his defence was, of course his own prior work. I say "of course", because it is a matter that everybody knows that the prior work in those fields, whatever was done in those fields, before Bell & Tainter, was done by Mr. Edison. He was the only one who ever did any serious work in this direction, and whatever may be said to the contrary it will be I think conceded by everybody that this art as it exists today and as the public now have it and use it, is the result of the work of Mr. Edison and of the Graphophone Company. Those two interests, and nobody else, have contributed everything to it. This case, on the merits, came to hearing before your Honor's lamented predecessor, the late Judge Green in December, 1896. It was argued for two days before him, He died before ~~the~~ decision was rendered, and while we were endeavoring to get another Judge to take the case up, negotiations were opened between the parties for an amicable settlement of the matter, whereby Mr. Edison might obtain his license again and go on with the manufacture, and those negotiations were carried successfully through. Mr. Edison submitted to a decree in the case, which was entered in December, by consent. He took a license under the patent



and has since that time been operating as the licensee of the complainant under this patent. So that with the interruption I speak of during the years that this antagonistic situation was brought about, more by the force of circumstances than by any deliberate disposition on the part of Mr. Edison to question the validity of this patent, there has been an uninterrupted acquiescence in the validity of this grant. I ought to say in relation to the New Jersey litigation that we not only sued the Edison Phonograph Company, but also a number of persons who were dealers in and users of his product. For instance we sued this very concern, the United States Phonograph Company. There was a suit against them and against Walcutt & Leeds, in New York; against the Ohio and the New England Phonograph Companies; in fact we brought in everyone who was in any way co-operating with the Edison Phonograph Works in manufacturing, selling and using talking machines and appliances of that nature. Of course that settlement with Mr. Edison settled for all his customers and dealers, and the other suits ~~xxxx~~, amongst them the suit against this company, were discontinued.

In 1896, a suit was brought in Chicago against one Edward H. Amet, for the manufacture of a talking machine, and that is one of the adjudications which we have put in the record. He made a machine for reproducing sound from sound records, and he necessarily used the sound records which he got from us, or somebody else, it makes no difference, as part of his apparatus. We sued him on a com-

bination that embraced the sound record and the reproducing device, and Judge Grosscup sustained the claim for that combination, holding that Amet had infringed the patent, although he did not manufacture the sound record himself, but on the well established principle of contributory infringement, and made a decision which logically sustained the ~~xxxxxx~~ validity of the sound record claim.

This big New Jersey record which had been made here by the industry of Mr. Edison's counsel, and in which every thing known to the case was embraced, was an open book, known to everyone and was an arsenal out of which every infringer could and did draw everything that was desirable for his defense. Amet introduced an exact copy of the answer in the New Jersey case, the Edison Phonograph Company answer, and these present defendants in this present case have another exact copy of that answer. There has not been a new thing brought to light in all these years and that is because the investigation then made was so thorough and complete. So that Mr. Amet having a copy of this answer and this record put in this well known Edison defence, put in the British patents of 1878 and the Edison United States patent and a great many other patents, and they were all considered by Judge Grosscup in that suit. .

After the Amet decision came cases in New York against Walcutt & Leeds, and that introduces us to the special and particular kind of infringement that is involved in this case.



These sound records, as your Honor knows, are used very extensively for purposes of entertainment. The machines are not only used for commercial purposes, but principally used now for purposes of entertainment, and the sound record itself is an article which is made to the number of 25,000 a day, or some such number as that. Those records are made by having, say, a band which gets together in front of the phonograph and plays into it; if the band is an expensive one, Sousa's band for instance, it costs a good deal to make a sound record in that way, and that has led to the developement of what are known as "duplicate" sound records. The records made in the way I have described are called original, they are the result of the normal application of the graphophone or phonograph, and those originals are used as masters from which other engraved records are made by copying, and they are made on what are known as "duplicating machines." I need not go into a description of those, because they are not involved, but the general idea is this:- Here we have a cylinder with a record on it made in the ordinary way; we put another shaft alongside of it having a blank cylinder upon it, and by a very simple mechanical device which has on one end a reproducing stylus, and on the other a recording stylus, resting on a blank cylinder and those two being made to move an exact copy of the master is produced on the blank cylinder, and that becomes a duplicate record in every respect like the original. It is the

same thing, although made in a different way. Consequently there are two kind of sound records, which are the same in their characteristics, the same article, but produced in different ways. We want to draw a distinction there because in selling these machines and in selling blank records, the complainant and its licensees gives everybody who buys a machine the right to make sound records. Everyone purchasing this instrument of the complainant or its licensees has a perfect right to make sound records, and, of course, after making them, he can sell them; they are his. But, having made a sound record, or bought one, he manifestly has no right to make a copy of that any more than the purchaser of a copyrighted book would have the right to multiply copies of it, because he happened to own a printing press. Therefore while the original sound record can be made by anyone without restriction, duplicate sound records made by appliances <sup>without the</sup> side of the patents and authority of the complainant are infringements.

That question has been thoroughly settled in the previous litigation, <sup>that</sup> and is a proposition which I think will not be dissented from by my friends on the other side. So that the charge of infringement in this case consists of the manufacture of duplicate sound records, and it is shown and not denied that the defendants have quite a large number of machines which they keep in operation, and by which they turn out duplicate sound records, and



sell them, and that constitutes the infringement. Of course your Honor will see the great advantage of that, for these records can be multiplied very cheaply.

THE COURT: Is that the gravamen of the charge in the bill, that they duplicate the sound records?

MR. MAURO: The manufacture of duplicate sound records; of course the charge is the manufacture of sound records, we do not charge them with any infringement in the manufacture of originals, because it is the perfect right of anyone owning a machine to do that.

THE COURT: They have the right to make originals; they can obtain the blanks and make sound records in that way and sell them.

MR. MAURO: As many as they please.

THE COURT: But the claim is they cannot transfer the sound records from an original to---

MR. MAURO: To a blank. The legal reason for that is quite clear, that in one case there is an implied license which a person obtains by the purchase of a patented machine, to use it and dispose of the product as he pleases, that goes with the machine, but it stops there. These things are not the product of this machine.

THE COURT: That duplicate is made on the same machine.

MR. MAURO: No the original is made on that machine, but the duplicate is made on the duplicating machine. Of course it is immaterial how they are made, if they are

made with a chisel or toothpick, if that were possible.

THE COURT: I understand.

MR. MAURO: Unless they have the right to do it.

THE COURT: I only wanted to see if I understood it as we go along, and I think I understand it now.

MR. MAURO: I am very glad indeed to have your Honor ask questions, because I am very apt to assume too much.

THE COURT: It is very plain, but I didn't know if I exactly understood it, and thought I would make sure.

MR. MAURO: The Walcutt & Leeds concern of New York had been for sometime engaged in the phonograph business; they carried on for a long time the business of using the Edison machine, and the suit against them was discontinued at the time of the settlement with Mr. Edison. But in 1896, they began this special manufacture of duplicate sound records. A suit was brought against them in that year, it came to a final hearing before Judge Wheeler in December, 1897, and there were a number of defences made in that case. I am a little particular in stating the prior adjudications because my friends on the other side have criticised the defences put up in those cases, and intimated they were not defended as well as they might have been. I will say however in regard to the Amet case that it was defended by a patent lawyer who is recognized I think as the peer of almost anyone in the country, and he put up a defence I must say - I was there - of very great vigor. As to the Walcutt case that followed the



Amet case, there was not so much made of the Edison defence as had been made in prior cases, but the same defence was put in. That is the only defence that has been used in any case; the British patents and the United States patents were put in, and as much made of them as the counsel for the defendant deemed material. All however that your Honor wants to know for the purpose of determining this motion is that that defence was before the Court in a prior case, and it was so in that case. Judge Wheeler in both those cases, one against Walcutt and one against Walcutt & Leeds, sustained the patent. He held in the Walcutt & Leeds case that duplicate sound records were an infringement and the fact that a person owned a phonograph--that proposition was advanced there - and had a right to use it in making originals did not authorize him to make duplicates by coupling two machines together, and that the ownership of a phonograph did not give one the right to manufacture duplicate sound records. That was the Walcutt & Leeds case.

This class of infringements became very general, because these sound records are put on the market by the thousand, it is very easy to make duplicating machines and operate them in an attic or a cellar and turn out these things, and when they are once turned out, it takes an expert to determine whether they are originals or duplicates, to begin with, and even if it is found it is a duplicate, if it is a good copy, it is very hard to tell it from that made by complainant. So that kind of infringement began to be rather



popular, and two concerns in Chicago, the Western Phonograph Company, and a man by the name of Jones, started to infringe by manufacturing duplicate sound records and that matter came before his Honor, Judge Grosscup, in April of this year, and his opinion was then filed, in which he comments on these claims, 7,8,10,17 and 18, which I read to your Honor, and discusses the matter of duplicates and originals, and as to the prior litigation he says:

"In American Graphophone Company vs. Amet, the Circuit Court for this district sustained those claims of the patent comprehending a combination, upon grounds that logically involved the validity of the sound record, as an article of manufacture".

"In the subsequent case of American Graphophone Company vs. Boswell--"

I forgot to mention that case, but Judge Grosscup speaks of it.

"the Circuit Court for this district on a motion for preliminary injunction sustained the sound record claims. The Circuit Court for the Southern District of New York, in the case of the American Graphophone Company vs. Cleveland Walcutt, et al, specifically sustained claims 7,8, 10, 17 and 18, all relating to the sound record as an article of manufacture. This case is not therefore open upon the question of the validity of these claims.

We show in our main papers that the Boswell case also had this Edison defence in it, the only thing that has ever been brought against us that was worthy of serious consideration.

In December of last year - and now we are coming close to the present defendants, just prior to Judge Wheeler's decision against Walcutt & Leeds, that concern, which was a firm, incorporated itself, became a corpora-



tion under the laws of this state doing business in New York City, and Mr. Tewksbury, the principal one of the present defendants, and the active manager of the United State Company, himself being an individual defendant, became the largest owner of that concern of Walcutt & Leeds, Limited, as it was called. We discovered in the course of proceedings subsequent to Judge Wheeler's decree, that Walcutt & Leeds were continuing the same infringement for which they had been enjoined and after a little investigation we found that they were continuing it not as a firm, as they had been doing it before, but as a corporation, and the suggestion was made, preposterous as it would seem, that as they were doing it as a corporation Mr. Walcutt was under the control of the dominating interest in the company, Mr. Tewksbury, who owned the larger portion of the stock in the company, and he was obliged to obey the dictation of the three directors, the three straw directors, he and his partner Leeds being only two, and therefore in the minority, he was obliged to obey their directions and go on with the infringement. Of course he was doing it very reluctantly and unwillingly. But that did not find any favor with the Court, and Mr. Walcutt was penalized for contempt in a subsequent opinion by Judge Wheeler, which is also in our moving papers, and which discusses at greater length some of the questions in the litigation. That matter came up before Judge Lacombe for a preliminary injunction against a corpora-

tion, the major portion of which was owned and controlled by the present defendant. Without contending that that really makes Mr. Tewksbury a privy to the New York litigation, so that he would be absolutely bound and concluded by the judgment there, which is a question we need not concern ourselves with here, there is no doubt whatever under the authorities that that shows such identity or community of interests between that concern and this one that the Court here will carry out and make effective in this Circuit the injunction which has been granted against that concern in New York; for Judge Lacombe granted a preliminary injunction against Walcutt & Leeds, Limited.

We did not serve Mr. Tewksbury in that case, because he was not then within the district, but he received notice, as he says, by mail. That being the situation the question that seems to me of great interest and one of first importance for your Honor to reach a conclusion upon is, what is open for consideration at this stage on an application for a preliminary injunction? Manifestly the door is closed to a great many things, is it open to anything, and if so, what?

The well established principle in all these cases is that when a patent which has been duly granted, when the presumption of its validity is reinforced by long acquiescence on the part of those who were interested in the matter, or by prior adjudication, the question of the validity of that patent is simply not open on an appli-



cation for a preliminary injunction, except for the consideration of a new defence, and then it will avail the defendant only in case that defence appears to be so forcible that the Court concludes ~~xxxx~~ it would have led the Court in the prior case to a different conclusion had it been there. Your Honor has so lately stated and applied that rule that I do not feel I ought to consume any time in discussing it.

Then in addition to that we have the further rule of which your Honor has also had occasion <sup>late</sup> to apply, and that is that where there are such relations as existed and are shown between the defendants here and the defendants in New York, the presumption is so much stronger.

THE COURT: That was the Indurated Fibre case?

MR. MAURO: Yes, the Indurated Fibre case.

THE COURT: I might venture to say here that injunction was dissolved by the Court of Appeals.

MR. MAURO: But I am confident the principle was not questioned. But there may have been reasons which applied to that particular case.

But what is this present attack on the patent. <sup>only</sup> The <sup>em-</sup>barassment we feel in dealing with that question arises from the difficulty in hunting through the large mass of matter which the industry of a large number of counsel has brought into this case, in order to find whether there is anything which it would be proper for the Court to consider at this time. Manifestly if it is to be found at all it

will be in the expert affidavits of which there is but one, that of Mr. Vansize. I am not going to anticipate what the other side may have to say about that, but I only want to call the attention of the Court and of my brother Mitchell, who is to follow me, to this fact, that the affidavit is made up entirely from clippings out of the New Jersey record, that it presents nothing but the threadbare Edison defence which has been used in all these prior cases ~~xx~~ <sup>with</sup> more or less amplitude, but always the same defence, and although it refers incidentally for instance to a patent of Reynolds and the mere visionary ideas of a Trenchman which never came to anything, they are not referred to as the basis of an attack on the validity of this patent, but simply as a ~~xxxxx~~ reinforcement of the Edison defence. Wherever Vansize expresses an opinion it is based upon that defence. Then we have a very long and very interesting affidavit from my brother Driscoll. Mr. Driscoll has written a review, -not entirely fair, I think, and characterized not only by what he has said, but by many things which have been judiciously omitted, -a review of the whole prior litigation, which will perhaps lead your Honor to the opinion that the defendants in those cases made a mistake in not employing brother Driscoll. He says that the Edison defence has not been introduced with that degree of amplitude in some of these cases that he would consider desirable. But the fact remains that the defence was there; it was urged, it



was considered, and your Honor will certainly avail yourself of the rule to save labor which is not imposed upon you at this time of reviewing that same matter over again and will assume that the conclusions reached by Judge Grosscup in several cases, by Judge Wheeler in two, and by Judge Lacombe who followed him in the Walcutt & Leeds case, are correct, until the contrary is clearly shown by proof on final hearing. For this reason relying on the strength of our position in this respect we have not attempted to make any discussion of these matters. If it seems to be necessary I feel quite competent to take <sup>care of</sup> Mr. VanCise's affidavit in my closing argument, and to make such analysis of it as may be necessary to show that there is nothing in it. It is enough to say now that there is nowhere in it from beginning to end, and there cannot be found anywhere, a statement that an engraved record of sound which is the soul of this business, was ever made, or that anyone ever attempted to make it, prior to the date of the Bell & Tainter patent. I go further than that and say that such a thing as a sound record-- and when we speak of a thing in the sense of patent law, we speak of a thing that is capable of use, that is a complete thing - of any sort capable of any use whatsoever did not exist on earth until it was produced by these inventors; ~~xxxxxx~~. That being a true history it cannot be obscured even by the mass of words that the defendants have poured into this

case, and which I think, if it serves any purpose at all, will defeat the object they have in view by making it all the more apparent to your Honor that this is a case for the application of the rule that the authorities lay down.

In the division of labor between myself and my brother Edmonds, there are one or two topics which he will discuss before your Honor very briefly.



Argument of S.O. Edmunds, Esq., on behalf of  
the plaintiff.

MR. EDMUNDS: If your Honor please, Mr. Mauro's opening has been quite full, and I feel there is very little to add to it. However there are one or two minor considerations which should be presented to the Court during the argument in order that the defendants may, if they see fit, reply; we have no desire to deprive them of as full a reply as they deem necessary. Before taking up the main topics which I propose to present to your Honor, I wish to refer briefly to the fact that the defendant's duplicate sound record which we complain of here is exactly the same as that involved in the previous case against Walcutt & Leeds. Your Honor has seen them both and I believe will be unable to distinguish them apart. They are necessarily the same, as your Honor will realize when I say that they are all designed for use interchangeably upon either a phonograph or graphophone; in order that that may be done they must necessarily be the same not only in their physical characteristics as regards the general shape of the blank, but also in the varying depth of the groove and the relation of one groove to the adjacent grooves. Placing these (producing two sound records) side by side, one the defendant's sound record in this case, and the other the defendant's sound record in the Walcutt and Leeds case, your Honor will see it is almost impossible to distinguish them apart. The only way to distinguish



*with certainty*  
them ~~effectively~~ would be to put them on a machine, ~~if and~~  
~~see~~ if they play there different airs. I allude to that  
at this moment, because we submit as a proposition of law  
that ~~these~~ defendants cannot be heard upon the suggestion  
that they do not infringe until they first convince the  
Court that they have done something different in this case  
from that which the defendant did in that. The defendants  
seem to have proceeded upon a somewhat threadbare theory  
that your Honor will deny this motion in the face of the  
most potent reasons for granting it, if by an accumulation  
of affidavits, if by printing of ~~XXXXXXXX~~ an enormous defence  
record book, they can raise so many topics as to cloud the  
real issue. There is very little in the many affidavits  
filed by the defendants which is germane <sup>ne</sup> to the case. One  
thing, which perhaps anticipates an argument to be made by  
the defendants, concerns the diligence which the complainant  
has observed in coming before your Honor for this relief.  
They allege that the complainant has had knowledge of the  
defendant's infringing operations for something like the  
last three years. That fact is not adequately proved; it  
appears in two of the affidavits that ~~these~~ defendants were  
duplicating in the Spring of 1895, and that that fact was  
generally known in the trade; just how it became known is  
not stated, nor do these affidavits which I have now in  
mind seek to fasten on the ~~defendant~~ <sup>complainant</sup> any knowledge of this  
fact. That being true and the defendants realizing as  
they must have done that without fastening that knowledge



on the complainant there could be no reasonable ground for alleging the complainants were in latches, a further affidavit was produced, attempting to fix that knowledge on the complainant, ~~and~~ That is the affidavit of Tewksbury. Mr. Tewksbury says that there has been no secret about that branch of their business, excepting as to the mechanism itself and " the Graphophone Company has been fully informed since the latter part of 1894, of the class of goods we were making, and the means employed". Your Honor will notice the evasiveness of the language Mr. Tewksbury employs, and ~~which~~ <sup>which</sup> characterizes the entire affidavit. Nowhere in his affidavit does he show unequivocally that the American Graphophone Company knew that the United States Phonograph Company, was making and selling duplicate sound records. A number of letters are produced ~~and~~ <sup>but</sup> there is absolutely nothing in any one or the whole lot collectively at all inconsistent with absolute ignorance on the part of the complainant of any infringing operations on the part of the defendants in this particular direction .

I have just a word to add to that proposition and that is contained in an affidavit which I have offered to serve, but which my friends have refused to receive; if your Honor should decide <sup>later that</sup> these affidavits are not properly filled, we ~~would be very glad to~~ <sup>shall</sup> withdraw them.

MR. HAYES: I desire to enter a formal objection to your Honor, to the putting in of affidavits on the part of the moving party, at this stage of the case.

MR. EDMONDS: The defendants have no less than five



times asked favors of one kind and another; we have been served piecemeal with their affidavits, the last of them reached us late the day before yesterday, ~~and~~ They are not in a position to criticise our filing the affidavits when we submit but two <sup>directed</sup> ~~presented~~ to this one point, <sup>only.</sup> ~~which~~ <sup>It</sup> is a question of fact; at any rate I submit your Honor should hear them and strike them out later on if it is concluded they are not properly filed.

THE COURT: Do they set up any new matter which requires an answer?

MR. MITCHELL: We have not seen them.

MR. EDMONDS: Absolutely nothing whatever. We have offered to serve them.

MR. HAYES: I object to their use. Of course if a defending affidavit sets up entirely new matter just before the hearing the complainant would have the right to an adjournment and to take depositions in reference to new matters appearing therein; in this case that is not it, it is simply an effort to bolster up their original case, as I understand.

MR. EDMONDS: Have you read them?

MR. HAYES: No.

MR. EDMONDS: Suppose you let me read them before you judge of their contents?

MR. HAYES: I renew my objection.

THE COURT: I understand they relate to answers to some matters of fact set up by the defence which they have not really, on account of the delays of the defendants



themselves, had an opportunity to answer. I think I will let them be read.

MR. EDMONDS: This is an affidavit by Mr. Mauro, the complainant's counsel, in which he says:

"I have this morning seen for the first time the affidavit of the defendant Tewksbury herein. In that affidavit occurs the following :

'The Graphophone Company has been fully informed at all times since the latter part of 1894, of the class of goods we were making, and the means employed'.

"If this sentence is taken to mean, as was undoubtedly intended, that the Graphophone Company had knowledge that the defendants were manufacturing duplicate sound records at the time stated, the statement is undoubtedly untrue. The active managers of the Graphophone Company at that time were E.D. Maston, R.F. Cromelin, and Frank Dorian. Mr. Easton is now on his way to Chicago, Mr. Cromelin is in San Francisco, and Mr. Dorian is in Paris. I was at that time, and have been since this litigation began, in full charge thereof for complainant, and I was kept fully posted as to all the information that came to either of these gentlemen with respect to infringements of the patents. I was not, nor were they, aware that the defendants were manufacturing duplicate sound records until long after the former suit was begun and until after it was discontinued. There was not a suggestion in the proofs taken in that cause from beginning to end that the defendants had manufactured duplicate sound records, though I was particularly desirous, for the purposes of the argument, of showing that

fact, if it had been a fact. In my brief prepared for final hearing in that cause I was only able to say,

"It may turn out that many of the defendants' sound records were not made by the aid of phonographs at all. Most of the sound records of commerce, are made by a process of duplicating, that is, copying from a master record, and while this fact does not appear from the evidence in the case, it may be referred to for the purpose of illustrating the argument'.

"This represents the condition of the evidence in that case. There has been for some time, possibly some years past, a suspicion that some of the records manufactured by defendants were duplicate records, and I have had a number of conversations with Mr. Easton and others as to whether this was not a fact, and as to the means for ascertaining whether or not it were a fact.

"The first knowledge I obtained that the defendants were making duplicate sound records was in the year 1897, and was obtained from Mr. Emerson, formerly the President of the defendant company, who in that year became an employe of the complainant company, and from whom I secured the facts in consequence of which the present suit was begun. I had a hurried conversation with Mr. Easton on this subject just as he was leaving for Chicago, and he informed me very positively that while he had suspected for some time past that the United States Company were duplicating, he had no information or knowledge of that fact until he learned it from Mr. Emerson, after the latter entered the employ of the complainant.



"The affidavit of Mr. Tewksbury also states that at the time of the discontinuance of the former suit it was his understanding and 'that of every one connected with the litigation' that an arrangement had been reached whereby the defendants could continue carrying on their business as they had done; that is to say manufacturing both original and duplicate records.

"There was no such understanding or intention on anyone's part, so far as I have ever heard, and if Mr. Tewksbury had such an understanding, neither I nor anyone connected with the Graphophone Company ever heard of it until this affidavit was produced. There was no settlement whatever and no arrangement whatever between this complainant and these defendants. The settlement was with the Edison Phonograph interests and the suit against these defendants was dropped, for the simple reason that the infringing acts involved in that case consisted merely in using phonographs and blanks made by the Edison Phonograph Works. Not only was there no arrangement with these defendants with respect to duplicating, but there was none with the Edison Phonograph interests. At a much later date the question of making duplicates by the Edison Phonograph Works came up, and a separate license was negotiated and executed, giving that company the right to manufacture duplicates at one shop or factory. This was in January of the present year, 1898. With the exception of this license complainant has never granted to anyone the right to manufacture duplicate sound records, or to make or use duplicating machines, but, on the

contrary has pursued and enforced its rights in this regard against all persons who have violated them".

Subjoined to that is a short affidavit ~~of the same nature~~ of my own. The first part sets forth my familiarity with the litigation, and that I will not read. It then continues:

"I have read the affidavit of Mr. Mauro executed on even date herewith, and fully concur in everything he says concerning the disposition of these suits. At the time of such disposition there was no arrangement either expressed or implied, or any suggestion of an arrangement under which the United States Company was to be allowed to manufacture duplicate sound records. In fact throughout the course of that litigation the subject of duplicate sound records was never, so far as I know, even mentioned. I myself was entirely ignorant of the manufacture of such records by the United States Company. On the other hand, I have a very distinct recollection that it was my understanding that the United States Company neither made nor dealt in such duplicate records, but confined itself exclusively to the manufacture and sale of so-called 'high class records', all of which were presumably originals.

"I never knew of the contention on the part of the United States Company that the discontinuance of the former suit gave it liberty under the graphophone patents here in suit, to make or sell anything, until seeing such contention in the affidavit of Mr. Tewksbury filed in this case.



" I never knew that the United States Company was making or selling duplicate sound records until early in the present year, when I was so informed by Mr. Mauro, counsel for the complainant who at the same time informed me of the present suit".

So your Honor will see that there is, as my brother <sup>Mauro</sup> has said, nothing here but a question of fact as to whether the complainant was or was not familiar with this infringing manufacture and the proofs which we have offered completely negative that proposition. That being true there can of course be no question ~~as to~~ as to complainant's lack of diligence, where it was ignorant of the infringement. That goes without saying and does not require argument.

But if your Honor please, the proofs which we offer go further than that, and we are at liberty to assume that the complainant did know of this infringement, and yet be saved from the charge of laches, by the conduct of the very vigorous litigations which have been on the carpet since 1894. The time during which the complainant's lack of diligence must be ~~found~~ <sup>found</sup>, ~~will~~ run, under the affidavits filed by the defendants, from the Fall of 1894, down to December, 1897, when this suit was brought. Even assuming knowledge on the part of the complainant, we point to the numerous suits which Mr. Mauro has gone over somewhat briefly and ~~from~~ <sup>to</sup> the fact that from that time, the fall of, 1894, down to the present time there has never been one moment when at least three of these litigations were not pending and being vigorously pushed. At that time <sup>as</sup> your Honor has



been told - I refer now to the Fall of 1894 - the suits against the Edison Phonograph Works and the United States Company were all active; testimony was being taken in the months following the filing of the bill, November and December; in January a plea was filed in the main case against the Edison Works, testimony was taken thereon and the case was brought on for hearing on the plea in the Summer of 1895. The plea was overruled; the defendant filed an answer and that was replied to in September as I now recall, and that entire Winter was consumed by the introduction of proofs of both parties; so that, as Mr. Mauro has told your Honor, the proofs were concluded in ~~the~~ the Summer of 1896, and the case argued before the late Judge Green in December, 1896. In addition to that there was the testimony in the United States case to put in and it was put in and the case brought on to hearing at the same time. In addition to that there were also the Amet and Boswell cases, and the cases against Walcutt & Leeds, and Jones, and the Western Phonograph Company, all of which your Honor has heard of. Moreover during the pendency of the litigation against Walcutt & Leeds, as your Honor has heard, this Edison defence which is represented by that (Exhibiting large book to the Court) which contains something like 900 pages, was liberally drawn from by the defendants in every one of those litigations. That defence included a number of propositions among which was that the defendant was licensed under the patent in suit; the other propositions related very largely to ~~the~~ questions of infringement, the validity of the patent



the scope of the claims and what not. All of these questions were disposed of in one case or another of the suits which your Honor has heard of, save this question of license which got to final hearing in the Walcutt & Leeds case. The complainant followed the well-known and much favored plan of contesting that question on final hearing. The decision of that question in the Walcutt & Leeds case wiped out for all time the very last of the contentions based on this Edison defence. I have said the Courts have favored that plan, and it is true that the Court so expressed itself in the Telephone case and many other cases, and never, so far as I have been able to find, has a complainant been taxed with laches because he preferred to pursue his remedy to final hearing in one case, in order that he could move for a preliminary injunction in another. As the Court in Rumford v. Vice, said, the fact that the defendants have been able to keep the patents in litigation for a period of many years is not sufficient to defeat a motion for preliminary injunction on the ground of laches.

Pertinent to that proposition is that discussed by Mr. Mauro, that this litigation against Walcutt & Leeds, was conducted with the knowledge of one of these defendants, and I believe it will not be disputed that notice to him was notice to the defendant company which he managed.

I find on examining the papers filed by the defendant that apart ~~from~~ from some stock defences drawn very largely from this enormous Edison defence, there are one or



two propositions which require a trifling mention. One of these is that the defendants do not infringe, ~~==~~ <sup>It</sup> will be noticed that there is no attempt to differentiate the defendant's duplicate sound record from that in the case against Walcutt & Leeds. The contention that the defendant does not infringe is based wholly on the proposition of license, which has been thrashed out and thrashed out until it is absolutely threadbare. If there is anything in the wide world which the case against Walcutt & Leeds determines for all time it is this question of license. Defendant's counsel by whom this brief was written seems to have been laboring under a mistake as to the facts, although those facts clearly appear not only ~~in~~ <sup>in</sup> the moving papers, but also ~~in~~ <sup>in</sup> the reply. He has argued the question of license to the defendants on the assumption that the defendants ~~was~~ <sup>are</sup> using blanks purchased from the American Graphophone Company, or from its licensee, and by the use of a phonograph has made duplicate sound records of them, whereas the fact is entirely different. ~~==~~ <sup>It</sup> <sub>A</sub> is not denied by the defendants, that they are using for the manufacture of duplicate records not the phonograph or graphophone, but a distinct and independent specialized machine known as a duplicating machine ; ~~xxxxxxx~~ that machine, as Tewksbury admits in his affidavit is a machine supplied by a former employe of his, and is capable of no other purpose save to make these infringing duplicate sound records as I will <sup>later</sup> <sub>A</sub> show your Honor.



That explanation should be sufficient to dispose of this contention of license.

The question presents rather a different phase from that involved in the Walcutt & Leeds case, although the conclusion is the same. There it was shown that the defendants were making duplicate sound records with a pair of phonographs which they had harnessed together, so that the movements of the diaphragm in one ~~xxxx~~ imparted similar movements to the diaphragm in the other, and the groove in the master record was traced in the blank which subsequently became a duplicate. The decision of Judge Wheeler based upon that proposition manifestly is very much stronger where, as in the present case, the defendant is not using an Edison Phonograph or a Graphophone, but a specialized machine. That seems to dispose entirely of that particular defence.

One other proposition <sup>is</sup> appears in the defendant's affidavits, and it is a fearful and wonderful one. That is that the defendants in this case are licensed under these patents by reason of the discontinuance of the former action.

In order to understand that situation thoroughly a small amount of history is necessary. That action was brought in October, 1894, on these patents and against these defendants plus another officer of the defendant company, Emerson, for the infringement of these patents by the manufacture, use and sale of phonographs. An answer was filed, which is the answer which your Honor will find in this case. The proofs were opened <sup>and inquiry</sup> and consultation between



counsel developed the fact that these defendants were buying their apparatus from Edison, or the Edison Phonograph Works, or some one of the Edison interests, and were using and selling Edison phonographs, and blanks made by Edison. There was then a question of license growing out of a contract with one Lippincott, and in order that that might not obscure the issues in this United States case, a stipulation was entered into which removed that factor from that case. In other words we assumed that for the purposes of that litigation only, that the phonographs which the defendants were using were licensed under the patents in suit, I think either by the payment of royalty to the Graphophone Company, or a royalty had been charged on them. That left open in that case the single question of the infringement of the patent by use of the Edison blanks. Your Honor will examine that record I have no doubt in taking this case up for determination, and you will find there this stipulation and a notice given by defendant's counsel to complainant's counsel, that in view of this stipulation we would not contest questions save under claims 1 and 4, of the second patent, those claims being limited to the form of the blank, or, in other words to a tubular self-sustaining tablet. Therefore you will see that that litigation was directed to an entirely different proposition from anything involved here; the only thing involved was the infringement of the patent by the use and sale of the blanks, not records either original or duplicate but blanks without any records on the surface <sup>at all,</sup> and as



I have already shown, at that time, the complainant was in absolute ignorance of any duplicating by these defendants. Now the defendants say that the discontinuance of that suit by consent, in the manner outlined by Mr. Mauro, gave them a license absolutely free from the payment of royalty, to exist through countless ages if necessary, to make, use and sell anything they please so long as they ~~could~~<sup>can</sup> show they were making it before that suit was discontinued. Those are the only ~~needs~~<sup>needs</sup> and bounds of that license. If the defendant is able to show that prior to such discontinuance it was making phonographs, making graphophones, making precisely the thing which we are now making under this patent, it is claimed the license would equally cover that without even the payment of royalty and we would be remediless. Of course that is very absurd, in fact it is monstrous, and it is not at all surprising to find that the only proof upon that proposition appears in the affidavit of Mr. Tewksbury. At the time of the compromise of the various suits between the Edison interests and the Graphophone Company, the complainant, since it had pursued the United States Company and one or two others ~~absolutely~~<sup>only</sup> as the customers of the Edison Phonograph Works, discontinued the suit against the customers by making the agreement with the company; but there never was any settlement ~~xxxxxxx~~ made even at that time on this subject of duplicate records, not even with the Edison Company. It was not until January of the present year that a separate and distinct contract was negotiated by the Edison interests with the

Graphophone Company, and consummated.

I should not be surprised to hear that the defendant claims some interest in that, it would be just as sensible as that the discontinuance of this suit in December, 1896, gave them a license. Taking an active part in the negotiations which culminated in the granting of that license to the Edison Phonograph Works and the discontinuance of the United States case, was one whose affidavit is before your Honor, carefully addressed to every other point and not one word in it concerning the alleged license by the Graphophone Company to these defendants.

MR. MITCHELL: He refrains from doing it because he was one of the counsel.

MR. EDMONDS: Judge Hayes is present, and if that is one of the reasons I should like to have him state it.

MR. HAYES: That is certainly true; he felt delicate because of the changed relations of the firm, he did not wish to ~~be drawn into any discussion~~ be drawn into any discussion on a matter of that kind, it was a matter of delicacy.

MR. EDMONDS: That is rather an involved question of delicacy and professional ethics. Without answering it, we stand on the proposition that there is the single affidavit of Tewksbury directed to that point and against it we have every possible consideration of probability together with the affidavits of the complainant's counsel who took part in that negotiation and which I shall ask the liberty to read just a line from.



Mr. Tewksbury in his affidavit says:-

"This settlement (December, 1897) was made, with the intention that the United States Phonograph Company should have the right to carry on its business undisturbed in the same manner as heretofore, and to make and sell records, both originals and duplicates, as theretofore, without interference from the plaintiffs' patents. But for that understanding we would not have consented to a dismissal of the suit without an adjudication that would have protected the United States Phonograph Company in its business as then carried on. It was my understanding and that of everyone connected with the litigation that such an arrangement had been reached. Under no other circumstances would I have consented in behalf of my company to a settlement without consideration".

There is the naked, unsupported statement. Now here is the affidavit of the man who conducted the negotiations, ~~and~~ Mr. Mauro says :

"The affidavit of Mr. Tewksbury also states that at the time of the discontinuance of the former suit it was his understanding and 'that of everyone connected with the litigation' that an arrangement had been reached whereby the defendants could continue carrying on their business as they had done, that is to say manufacturing both original and duplicate records. There was no such understanding or intention on anyone's part, so far as I have ever heard, and if Mr. Tewksbury had such an understanding, neither I nor anyone connected with the Graphophone Company ever heard of it until this affidavit was produced. There was no settlement whatever and no arrangement whatever between this

complainant and these defendants. The settlement was with the Edison Phonograph interests, and the suit against these defendants was dropped for the simple reason that the infringing acts involved in that case, consisted merely in using phonographs and blanks made by the Edison Phonograph Works. Not only was there no arrangement with these defendants with respect to duplicating, but there was none with the Edison Phonograph interests. At a much later date the question of making duplicates by the Edison Phonograph Works came up, and a separate license was negotiated and executed, giving that company the right to manufacture duplicates at one shop or factory. This was in January of the present year, 1898. With the exception of this license, complainant has never granted to anyone the right to manufacture duplicate sound records or to make or use duplicating machines, but, on the contrary, has pursued and enforced its rights in this regard against all persons who have violated them."

Your Honor will possibly be told that the consideration for this rather extraordinary transfer of license under these valuable patents was the avoided risk or danger of the patents being invalidated. The rather extreme language used in the brief indicates to me that the defendants would not hesitate to take that position.

MR. MITCHELL: That position is taken distinctly in the brief.

MR. EDMONDS: I assumed it was, although I have not seen it. I do not think that is worthy of discussion.



There is just one single point <sup>more</sup> to which I wish to call your Honor's attention in addition to those which I have discussed, and ~~it~~ <sup>that</sup> concerns the form of the relief which we ~~shall~~ ask your Honor to grant. This may be premature, so I shall refer to it very briefly. The complainant prays that the defendant be not only enjoined, as were the defendants in the previous litigations, but that your Honor order them to deliver up these duplicating machines. The duplicating machines themselves, as I have said, are specialized, ~~specialized~~ machines not capable of any use other than a duplicating <sup>and therefore infringing</sup> use.

THE COURT: They are not covered by any patents, are they?

MR. EDMONDS: They are not covered by the patents in suit.

THE COURT: They are not covered by any patents, are they?

MR. EDMONDS: Yes. Your Honor will be told by the defendants that the complainants prayed for this relief in the case against Walcutt & Leeds, and it was refused; the fact is that it was refused on the sole ground that the duplicating machines which they used were Edison Phonographs, capable of use as phonographs, and not as duplicating machines. The proofs in this case go very much further than that and show that the defendant's devices are specialized machines capable of no other use than this infringing use.

THE COURT: You would not ask that relief on this preliminary motion.

MR. EDMONDS: Yes, for the reason that if the defendants are enjoined, as they doubtless will be, they will have absolutely no use for these machines. They may be placed in the custody of the marshal to be returned if it should be found they should have them after the litigation closes.

MR. MAURO: That was the order of Judge Grosscup in the Western Phonograph case.

MR. EDMONDS: The order we ask of your Honor is not an extraordinary one where, as in this case, the defendants operations are capable of inflicting immense injury upon the plaintiffs. The machines as shown by the proof are small, can be surreptitiously used, and a very large number of records turned out and sold, and nothing short of a multiplicity of suits, great expense and eternal vigilance would prevent those records from getting into the general market. Precisely the same question was considered by Judge Wallace in American Telephone Company v. Kitsell, when he laid down the proposition that the exceptional decree granting this relief would be allowed in cases where there was reason to believe ~~from~~ from the defendant's past conduct that he would continue to infringe the patent, or that he had surreptitiously used the machines, or might surreptitiously use them in the future. Every one of those elements is present in this case at bar and I think warrants such a decree.

You will also have in mind the Heaton Fastener case which is on all fours with this, with the exception that



the device enjoined was an unpatented article; both cases are alike in that respect; we ~~may~~ may assume that this is defendants machines are unpatented, for the purposes of this case, because they are not included in the patent in suit; in that case the Court enjoined the manufacture, use and sale of a patent fastener not covered by the patents, but capable of use in connection with the complainant's patented machines. We ask for the same relief in this case, and that the machines be delivered up in order to make assurance doubly sure that when once enjoined the defendants will continue to desist from the manufacture of the infringing articles.

Argument of Howard W. Hayes, Esq., on behalf  
of the defendant.

MR. HAYES: If the Court please, the history of the invention of the phonograph has been set out very clearly by Mr. Mauro with his well known skill of diction and plausible manner, which almost convinces one of the accuracy of his statements. And in some respects they are accurate; in others they are entirely inaccurate, and I will show. There are one or two facts in connection with the history of the invention which were omitted by him, no doubt because he did not think they were necessary in the case, but which I will fill in so that your Honor will have a complete knowledge of the remarkable history of these enterprises. Those of ~~us~~ who were unfortunate enough to have invested in it in its early stages and who have grown up with it trying to get our money back, are so familiar with these facts that they seem easy of comprehension, yet they are really so complicated that it is quite easy to become confused in considering them. It is true that Mr. Edison invented the phonograph, and, as we will show very clearly, invented an engraved wax record which Bell & Tainter appropriated from him; they invented certain mechanical improvements in the phonograph and called it a graphophone. After the Bell & Tainter phonograph, which they called a graphophone, was in what they considered a marketable shape, they made Jesse H. Lippincott of Pittsburg, their



sole licensee for the United States, and he was under contract to take a certain number of their machines. That was in the Spring of 1888. As soon as they made the contract and had gotten his money he discovered that the Edison patents were prohibitory to the use of the Bell & Tainter machine. Then Mr. Lippincott made arrangements to get control of the Edison patents and organized a company called the North American Phonograph Company, attempted to which purchase ~~the~~ control of the Edison patents. At the time Lippincott did this he was under ~~this~~ agreement with the Graphophone Company to be their sole licensee in the United States; he was really their sole sale agent, and he agreed in that contract that he would not handle any other talking machine. When he organized the North American Company to control the Edison patents this contract stood in the way, so in August 1888, he made a supplemental contract with the Graphophone Company by which they agreed to release him from his obligation to handle only graphophones, if he would pay them \$10. for every phonograph that the North American Company handled or sold, and a certain percentage on all supplies. The word "supplies" includes horns, and more particularly <sup>tablets</sup> ~~these~~ blanks, both in the blank form and with records on them. Then the North American Company and Lippincott organized a number of sub-companies, one of which was the New Jersey Phonograph Company in which our late friend Mr. A.Q. Keasby was the active party, and that company, with others, received a territorial license.

3 The North American Company bought their phonographs from Mr. Edison's company, Mr. Edison still retaining the manufacturing right, the North American Company only controlling the patents on the manufactured article, and the manufacturing right remaining in Mr. Edison's company. Among the phonographs thus put out by Lippincott were some sold to the New Jersey Phonograph Company; that company went out of existence about the end of 1893. The United States Company then was organized, and bought from the New Jersey Phonograph Company those phonographs which the New Jersey Phonograph Company had bought from the North American Company, and for which Lippincott had paid this blood money to the Graphophone Company, and it is those phonographs which are used for the duplicating purpose involved in this suit.

It appears from the affidavits ~~of~~ that the method of duplicating used by the defendant is to put two phonographs side by side, and between the two put the Edison recording and reproducing device. That is the method of duplicating used by everyone who duplicates. These phonographs now used for duplicating by the United States Phonograph Company were purchased from a licensee of the Graphophone Company, and all the United States Company has done is to add a mechanical connection to these phonographs so that they can be used for the making of duplicates.

MR. MAURO: May I ask a question. What becomes of Mr. Tewksbury's statement that these machines were built by Mr. Capps?



MR. HAYES: They were put together by Mr. Capps.

MR. MAURO: You are adding something then.

MR. HAYES: No: Read the whole affidavit.

THE COURT: It is charged on the one side that the duplicating machines set up by the defendant are machines which are adapted simply for that purpose, made for that purpose and can be used for that purpose only.

MR. MAURO: Capable of no other use.

THE COURT: I understand Mr. Hayes to say that the duplicating machines are really the phonographs bought by the North American Company, New Jersey branch, and machines which have really paid the license fee to this complainant.

MR. HAYES: That is the fact. Of course I want to be entirely frank with the Court; these phonographs are used with an additional device -- they <sup>are</sup> phonographs with this additional part.

THE COURT: Of course there must be something to duplicate these things; there must be some device connecting the two machines.

MR. HAYES: That is what it is.

THE COURT: The machine the complainant wants delivered up and impounded is not the phonograph but it is the duplicating device between, is that it?

MR. MAURO: That is right your Honor. In most cases it is a separate independent machine, and from our affidavits and from Mr. Emerson's and from Mr. Tewksbury's affidavits it appears they have built special machines, as

is usually the case. That is how it stands on the record, but Mr. Hayes may know more and know that is not correct, but that is as it was put in. In the Walcutt case, Walcutt tried to get around our patent by the ingenious method Mr. Hayes has suggested, by saying "I merely use two phonographs", but the Court said "You connect them by something, and that makes them a different machine". That was passed on in New York in the Walcutt & Leeds case. Mr. Hayes is a little mixed about what his client is doing in New Jersey and his client's partner in New York has been doing.

MR. HAYES: I want to state these facts so that your Honor can understand what the situation was in 1894, when the United States Company was organized.

The United States Company immediately started in to make originals and duplicates. The advantage of duplicates is, that having one original made, if an order comes in for that record a duplicate of it can be made and sent out; but if an order came in for records of Sousa's band, for instance, and we were out of them it would be difficult to get more, but by keeping a few originals they can be duplicated.

THE COURT: You can supply the films, or whatever you call them, to machines which have been sold before the order comes in for those films?

MR. HAYES: Yes; they sell duplicate records to people who have phonographs just as they might have music boxes; a man might have a phonograph and fifty or a hun-



dred records.

THE COURT: Yes, I can see the advantage of it.

MR. HAYES: The business of the United States Company consisted largely in making and selling these records, original and duplicates, and, of course, also in <sup>and selling</sup> buying machines. Its volume of business was large and it was the principal consumer of the Edison output.

At the time the United States Company was started litigation was pending between Edison and the Graphophone Company. The Graphophone Company claimed that Edison infringed ~~their~~ their patents. As the United States Company was the largest company selling the Edison products suit was brought against it too, and that suit is comprised in the record which has been referred to so much. That record is here, it is very voluminous, and almost everything appears there in the history of the art of phonography. The case was prepared with Mr. Edison's assistance and at large expense and with the aid of my friend Mr. Edmonds and Mr. Dyer, <sup>of</sup> and Mr. Driscoll, who is still counsel for the United States Company. After that case was at issue it was compromised. The record in that case shows that all the evidence given in the case against Edison was stipulated into the case against the United States Company so that it had the benefit of every defence put up by Edison in the defence of his company. When that suit was compromised the case against the United States Company was discontinued. That was the position

in December, 1896. Then in December 1897, this suit is brought against the United States Company, and the complainant asks for a preliminary injunction.

In order to secure a preliminary injunction two things must be shown--- a prior adjudication on the claim in question in a case that has been fairly and fully contested and in which all the defences have been fully and fairly passed upon by the Court, which must be fully shown in order to entitle the complainant to a preliminary injunction, provided that the defendant shows prima facie grounds for a good defence. And second of course <sup>may</sup> it be said that if we show there has been no such prior adjudication there is no need of our going further and showing your Honor we have a good defence, but on the other hand if we show your Honor conclusively that we have a large number of defences and that most of them will seem good to your Honor, then you would give much less weight to a prior adjudication involving only a few points, while if we showed no defence, you could give more weight to a prior adjudication which of itself might have but little weight.

That is the reason I want to present to you not only the fact that there has been no prior adjudication on the <sup>in</sup> claim <sup>A</sup> suit, but also to show you what full and complete defences we have on points never brought up before and which no court has passed upon; ~~and~~ points which certainly must carry weight.

In addition to that we will show, on account of this



compromise, that special equities have arisen on the part of the United States Company which would make those prior adjudications, even if valid under other defences, of no weight.

The history of these cases, which Mr. Mauro has described, is a great tribute to the skill and industry of able counsel in building up apparent validity to a worthless patent. They are entitled to the greatest credit for the way in which this patent has been bolstered up, a piece put in here and another there and the whole thing made to appear as though it apparently had some solidity; but it is like a house of cards, and when you knock down one the whole device tumbles.

The first case in which they managed to get anything done at all was the Amet case. In the early United States case, on the motion for preliminary injunction, we alleged that in that case there was collusion, and there were affidavits which would bear that construction. In that case a motion came for a preliminary injunction, the complainant put in <sup>its</sup> affidavits, the defendant put in his, and then they agreed to go to final hearing on those depositions allowing the complainant to put in ~~their~~ answering depositions without cross examination. I have a certified copy of the record here and the result was that the complainant simply swamped that case with affidavit after affidavit covering every possible thing, and the defendant having no way to contradict it, and those affidavits bringing up a lot of points not covered by the



defendants in their affidavits, Judge Grosscup decided the case in favor of the complainant. But that case does not involve, as I conceive this question at all. What was there decided upon was claim No. 32.

"The combination, with a grooved tablet or other body having a sound record formed therein, of a reproducer having a rubbing-style loosely mounted, so that it is free to move laterally, and thus adjust itself to the groove, substantially as described".

The claim sustained was a combination between a sound record and a reproducer. The machine that this defendant made was a reproducing phonograph. It was like a lathe, with a spring to revolve it, With it was a glass bar that went out in front of the record and one end of it, with a fine point, rested on the groove in the record. As the record revolved that point followed along the spiral lines, and by means of the vibration of the glass produced some sound. It was a very cheap machine, and that is the one they got an injunction against. It had the disadvantage of being evidently a cheap machine and an attempt of one who was not an inventor, who had no equities; he did not buy from anyone who was licensed, and had no connection with this company. But that was the only combination established. I do not think that the early Edison patents were put in there.

MR. MAURO : Oh yes they were.

MR. HAYES. If they were there was no expert evidence in regard to them. The case was not fought on those lines at all. There is a case, the reference to



which I have forgotten, which says that where prior patents are put in with no expert evidence to explain them and show why they are anticipations the Court will pay no attention to them -- and that is just what was done in that case. The only real defence was that this man who had made this contrivance claimed that he had discovered a new way of repeating sound by means of the molecular vibration of the glass bar, and that there was nothing in it similar to the method of having a point rub in this groove and have a diaphragm attached to that point and the sound come from the vibration of the diaphragm. He said that he had invented a mechanical principle, which was absurd on the face of it. They argued in that case that ~~xx~~ the reproducer was not novel, and in order to sustain the combination Judge Grosscup found combination of a <sup>with a re-</sup> that the cut record producer was patentable, and that was all. ~~xxx~~ The argument of counsel on the other side is that the decision sustains the claim for a sound record. <sup>heard of this decision, word</sup> When we who were trying the case in this Court, <sup>was sent</sup> to Judge Grosscup, saying that the real issues in this case, the facts involved in this case, had not come before him, and asking him not to decide that when a so much better case was still pending. This was done in the shape of a motion to reopen, which Judge Grosscup granted and read a little opinion which is not published, but which is here in the record, and in which he says "On the hearing of this case it was not seriously disputed that the Edison invention did not include the record of



Bell & Tainter". (You see they did not put up the Edison defence.) "My opinion was predicated upon the assumption that the Bell & Tainter record was the only invention. It is now urged that this assumption will be disputed in a case pending before Judge Green. I will allow the motion in this case and will not pass upon the patent until I hear from Judge Green, in whose Court the case is pending". He simply assumed that the cut record was Bell & Tainter's invention and took that for granted; he in this the would have says ~~that~~ opinion. So ~~A~~ Amet case ~~has~~ no weight at all. That opinion did not get into the Reporter, why I don't know, but it is remarkable that on the last page of the Federal Reporter is printed the decree finally made by Judge Grosscup, and how the Graphophone Company or their Editor of counsel managed to get the Reporter to put a copy of the decree in the back of the book I don't know, because they are generally very chary about putting in more matter than they have to.

Afterwards the case in New Jersey was settled and Judge Grosscup was told of that and he said "If that case is settled, and that point is not to be adjudicated in any Court I will not rehear this case, there is no use of it, and I will give a decree". That is all there was in that case.

The Boswell case is one where a demurrer was filed to the bill, no affidavits put in by the defendant, and the preliminary injunction granted on the unanswered affidavits. <sup>counsel</sup> Boswell ~~is~~ concluded to stand on the demurrer



and appealed from the decree overruled the demurrer. That case is now on appeal on that point. Then, with the Amet case up complainant's counsel their sleeve, they came to New York and started a case against this same Amet instrument, but against a man named Leeds. In that case Judge Lacombe, I think it was, refused a preliminary injunction because he said that Judge Grosscup's decision was not sufficient to grant a preliminary injunction on. That was during the time that Judge Grosscup was holding up his decree. When he granted the decree they again applied to the New York Court for a preliminary injunction and were again refused on the ground that the decision was not sufficient to support a decree against identically the same instrument. Much less would it be in this case. In the case before Judge Lacombe, the same defence was raised that was interposed in the early case in this State, and in that case there was a good bona fide defence, the same as we interpose, and in that case Judge Lacombe has persistently refused to grant a preliminary injunction.

Then, looking around for some weak brother, suit was brought against Walcutt & Leeds, who were dealers in a small way; Walcutt had been making blanks and Edison sued him and got an injunction against him, in an unsuit. defended. Then the Graphophone Company sued him for making those blanks. That suit was defended in a half hearted way; only one deposition was put in, and no expert evidence what-  
were  
ever; the Edison patents simply tumbled in as exhibits,

and no importance made of them, and the decree was granted against Walcutt, prohibiting him from making those blanks. Then they start ~~xxx~~ suit against Walcutt & Leeds for duplicating and showed that Walcutt & Leeds used two phonographs put side by side connected with a bar. That was tried before Judge Wheeler and was heard on final hearing. The record in that case we have here and Mr. Driscoll has explained it fully in his affidavit. In that case there was no defence put in whatever; the brief for the defence covered about a page and a half, and consisted in saying that the complainant ought to have sued Walcutt & Leeds, not on this patent but another patent for a duplicating machine which the complainant had, and your Honor will see from an inspection of that record and from Mr. Driscoll's affidavit, there was absolutely no defence put in. Mr. West, the counsel said the only defence he put up was that because they had purchased a licensed phonograph they had the right to duplicate with it. He then says he didn't have enough money to make any other defense; and Walcutt also says the validity of the patent was not disputed because he hadn't the money to go into that defence, and eventually a decree was granted. While this litigation was pending it happened that Walcutt & Leeds incorporated their business. The affidavits show that the reason for doing that was because they were hard up and came to Mr. Tewksbury who had dealt with them at times and asked him if he would not put money in their business, and he looked into it and



said he would put some money in and help them along. The business was incorporated ~~xxx~~ because he didn't want to become ~~xx~~ liable as a partner. He said he would take some stock in it, which he did. He then had no connection with the company except, as any other stockholder and as such he might be asked what he thought of this or that, but he was not an officer of the company and had nothing to do with its <sup>management</sup> or the litigation. Then after that company was incorporated came the decision of Judge Wheeler against Walcutt & Leeds as individuals. Of course that necessarily bound the corporation and a bill was filed to enjoin the corporation, and their counsel went there and said "We are satisfied that they are entitled to their preliminary injunction, but it ought not to go any further than Judge Wheeler's decree. " Judge Lacombe at first had granted an order wider than the one Judge Wheeler had granted, ~~xxx~~ All the defendants asked for was that the corporation should be treated the same as the partners, because they admitted that simply changing from a partnership to a corporation would not change the liability for the acts of the partners. That decree was practically a consent decree; Mr. West ~~the~~ counsel and Mr. Walcutt both consenting to that. That case Mr. Tewksbury had nothing to do with. The decision of Judge Wheeler as I say was based on this insufficient record.

Now I come to the cases out west against the Western Phonograph Company and Jones. They were very small dealers, we show that. I have a copy of that record here, and

it shows that as soon as those men were threatened with suit they sold their duplicating machines and were ready to quit. The defence put up in that case has been gone over by Mr. Driscoll in his affidavit and the record is here. Judge Grosscup bases his decision in that case on Judge Wheeler's opinion, so that case is no stronger than the case against Walcutt & Leeds in which Judge Wheeler gives the opinion.

So that the only adjudication which they have, which amounts to anything at all, is the Walcutt & Leeds case and we show that no defence was put up in that case. Of course the western cases stand or fall with the case of Walcutt & Leeds.

That is the situation as to prior adjudications, and to my mind it is a very poor and insufficient foundation upon which to ask for a preliminary injunction against a strong, wealthy corporation which has been doing business for a long time and is amply able to meet any damages.

Having disposed of the question of there being no prior adjudication on which to found an injunction, I desire to refer quite briefly to the defences which it is perfectly evident can be made in this case, many of which seem absolutely conclusive and ~~apparently~~ make an attack upon the patent which cannot be resisted.

The first defence, of course, is the broad one of the earlier invention of Mr. Edison of this engraving method. I will not go into that because as your Honor knows I am not a patent lawyer and am not familiar with



patent law. The affidavit of Mr. Vansize sets out the outline of that defence at great length, and your Honor can see in it many points which unquestionably ~~would seem~~ to show that there was a clear anticipation of this alleged invention of a cut record. Mr. Driscoll's affidavit also goes into that.

The size of this former Record which is devoted almost entirely---

THE COURT: Have I got to read all that!

MR. MAURO: That seems to be the proposition on the other side.

MR. HAYES: I was going to explain why you need not read it. This record, almost entirely devoted to that one question, shows by the size of it the points there are in it. It reminds me of the remark of Sergeant Buzfuz, in *Bardwell v. Pickwick*-- he never saw a case so full of points! The defence put up here in these expert affidavits seems to me, with my limited knowledge of patent law, to be absolutely conclusive. Edison's English patent seems to describe the very same thing, and there was a man named Lambrigot who made a sixpenny phonograph away back in 1880, which cut and engraved. There is a great deal of that which I will not go into because to discuss that would take me the entire day, and we are not here so much to discuss the merits of the defences as to show your Honor what defences can be put up on final hearing. Of course the depositions in that record are not evidence

in our case, but it is proper for us to refer to them to show what defences we can interpose when we get this testimony and produce it.

But beyond the question of the validity of the patent, there is another question arises, a good deal of which has never been suggested at all, in regard to this patent, and a good deal of which arises on account of this compromise made between the Graphophone Company and Mr. Edison, questions which could not have gotten into this other record because they arise from circumstances occurring after that record was made.

In addition to showing that the patents are invalid, we show that the action of the defendant is no infringement.

One of the elements of that claim of non-infringement appears in this earlier case. Bell & Tainter's patent must be limited to a record cut in a solid wax or wax-like body. They have a claim saying "other solid body", but the rules of construction of patents, always limit the claim to the kind of solid body that is used and intended to be used, and indicated in the description and I believe it is admitted that their claim depends on the sold wax or wax-like body. The blanks which Mr. Edison makes and which are the only ones he used, are made out of metallic soap. Under certain conditions a record like that (Indicating record in <sup>evidence</sup> ~~with~~) might be an equivalent to a wax-like record, but the peculiarity



of the wax which ~~is~~ insisted on in the Bell & Tainter patent is its softness while Edison found you must have the reverse, you must have a hard substance. Still you might say to a certain extent soap resembles wax, but in its essential parts in connection with the invention the soap is in no way equivalent to wax. That is a question which is discussed in that record, and in Mr. Edison's deposition in regard to it he gives a masterly account of the reasons why he came to adopt this lead soap and why that is the only successful record, and why it is in no way equivalent to wax. His deposition alone would go a long ways towards convincing your Honor that the lead soap is in no way equivalent to wax.

In addition to that question of non-infringement there comes up another point which has never been presented, as far as I can ascertain, in any case, and that is the point that this patent does not intend, and does not in the claims in question, cover, a sound record except the sound record made on a phonograph. In other words if you can make a sound record by other means than the phonograph, that is not included within a fair construction of the claims of the patent, <sup>and</sup> you have the right to do so. The claim says, an "engraved sound record substantially as described" and you can imagine that a man might, had he sufficient skill, make a sound record with a knife. I think I will show your Honor there is no foundation whatever for the claim that this claim in the patent would cover a sound record made in that way.

In construing a patent the same rules apply as in construing a contract. In fact a patent really is a contract, as I understand it, between the inventor and the Government. The consideration is the making of his invention and conforming to the rules of the Patent Office and making his patent public <sup>after</sup> ~~at~~ seventeen years; in consideration of that the Government gives him by grant a certain monopoly. So in construing a patent, <sup>to</sup> those of us who have been trained at common law and not in the mazes of patent litigation, it is <sup>easier</sup> ~~easy~~ to understand a patent if we imagine that the specification starts out as a recital saying, whereas John Jones has invented &c. and describing his invention. "Now therefore in consideration thereof the United States grants to him the following claims", and the claims are a part of the grant. That is exactly what a patent is, and when you consider it in that way you can see the bearing of the specifications, because in any contract of that kind the recitals would be of the greatest value in construing the grant, provided the words of the grant were susceptible of two constructions. If the words in the grant are capable of two constructions, the recital will be the best means of determining what construction they shall have. When in this patent the claim is, taking No. 7, "A sound record consisting of a tablet or other solid body having its surface cut or engraved with narrow lines of irregular or varied form corresponding to sound-waves, substantially as



as described", I say if you consider that as a grant merely of a sound record consisting of so and so substantially as described, a fair construction of that would be that it is a sound record of the kind described in the specification and made in the manner the specification sets out, in other words by the vibrations of a diaphragm actuating a cutting point against a tablet.

There is another consideration which makes this construction stronger and that is that technically this duplicate is not a "sound record." It is a tablet having upon it indentations which when revolved against a point having a diaphragm ~~wix~~ attached to it will give forth sound. The original is a sound record; sound has been recorded upon it and it is a record of sound, a sound record, and that term is used in that clause and that fits in with the specifications which show how to record sound, namely, by means of the vibrations of the air upon the diaphragm.

They claim a sound record which is a tablet upon which sound has been recorded in the manner indicated.

Furthermore the duplicate is entirely unlike an original and you can see that in a minute if you consider the method in which they are made. As Mr. Mauro explained to you they are put that way (Indicating) and a bar connects them; they are both revolving, when that thing goes up (Indicating) this thing does down. In other words the depressions in the original become elevations in the other and the elevations in the one depressions in the other. In other words there is produced not a record of

sound; sound does not record itself in that way. It is the reversal of it, and sound could not make that sort of a record.

MR. EDMONDS: Can you explain the difference between the two when you put them in a machine.

MR. HAYES: As far as hearing is concerned the original cannot be distinguished from the duplicate, but when sound is recorded it produces depressions and elevations and this duplicate has reversed depressions and elevations; it is of a character entirely different from that made by sound, so it is not a sound record.

That you see fits in exactly with what I said before in regard to the use of the term "sound record", and what they intended to claim.

THE COURT: But this duplicate must be the same as the original?

MR. HAYES: No it is not, it is just the reverse.

MR. MAURO: Brother Hayes appears here in various characters; he is sometimes counsel, sometimes expert and sometimes historian, and just now he is appearing as an expert. If your Honor would like to hear from us I should be glad to tell you what I know about it.

MR. HAYES: You will have an opportunity presently.

THE COURT: He says it is not a duplicate.

MR. HAYES: Well your Honor can see from Mr. Mauro's description and the different descriptions of how the



thing works that where there is an elevation in one, there is a depression in the other. For instance if the sound of "a" makes a depression in the record", if you could find the place where that sound came in the duplicate you would find an elevation. If you could take a cross section by the aid of a microscope you would see exactly the difference between that and a sound record.

I use that as one argument to show why this is not a sound record or the record of sound. It is something which sound could not produce.

There is still another reason why this claim does not cover a duplicate and that is this:- It is one of the rules of the patent office that the patent must not contain different inventions, <sup>but</sup> ~~for~~ a machine and its products can be combined in one patent provided that product is the necessary result of the operation of the machine and the product cannot be made by any ~~better~~ machine. It is true that the Courts do not follow the ruling of the Patent Office in some of those respects. The Patent Commissioner is a judicial officer to some extent and the allowing or not allowing of one or more inventions in a patent may be largely a matter of discretion, but if he has once passed it the Court will say that was a matter for the patent office. But where a claim is capable of two constructions, and one of those would make the allowance of the patent contrary to the rules of the patent office, and the other construction would make the allowance of it in accordance with the rules of the patent

office it would be a natural conclusion to say that the official of the Government who made the grant intended to give a grant in a form that was agreeable with the rules of the office, and not one that was against them. So from that standpoint arises an aid for construing this claim and we must say it is fair to conclude that the Commissioner of Patents intended to grant only a claim for a sound record made on that kind of machine; not for a sound record that might be made by a sewing machine or a wheel barrow. You might just as well call the barrel of a music box a sound record as this, or the paper with holes cut into it that goes into an organette. A wave of sound never struck against that tablet, the duplicate, nor did a wave of sound ever form the impulse by which the marks were cut, and they might just as well claim a patent for a barrel of a music box as a sound record, as for that (Indicating duplicate) as a sound record. It is not a sound record, it is a means of producing sounds.

Those are some of the reasons why I think your Honor must at any rate say that there is a strong argument to be made that this claim for a sound record does not cover a duplicate sound record, and that is all we need show here. As I say, I am not an expert; I have have not gone into the science and metaphysics of the difference between a duplicate and an original; but that can be brought out on final hearing and we can have experiments made and show conclusively what I contend for argumentatively, that they are entirely different in their character



If we simply show there is a good defence there which has not been passed upon and if there is ~~not~~ any reason for believing the patent does not cover a duplicate, that is a matter your Honor will send to a final hearing. There are still other grounds of defence. This one of license has arisen since the record in the old suit; it arose out of that settlement and has never been presented in any case before any Judge in any Court and comes here entirely new.

At the time of the settlement between Mr. Edison and the Graphophone Company licenses were interchanged. The Graphophone Company gave Mr. Edison the right to sell talking machines and supplies under their two patents, both of which are in this suit, and this license allowed Edison to make and sell talking machines under those two patents and with that license he makes these blanks and sells these blanks to us. In other words we buy a blank, which is a cylinder before any record is on it; we buy it from him, from a licensee of the complainant.

It is a well enough known principle of law that if I purchase a patented article from a patentee with no restrictions put upon it, I can use that for any purpose for which it was intended, and for any purpose set out in the patent. I have the broadest latitude in my use of that article. ~~The~~ Courts have lately gone very far in permitting a patentee to impose restrictions on the use of a patented article, by means of contract. The law is

so now, that a patentee having a complete monopoly can part with any part of it in connection with the article that he chooses . He could sell that box sitting on that table, and nowhere else, and if it had a notice on to that effect, anyone taking it off the table, would be an infringer. All sorts of restrictions can be placed on the use of records. So it is but natural to argue that with the wider latitude the Court gives a patentee in permitting him to impose a restriction by contract, the wider must be the latitude of use by the purchaser where no ~~contract~~ <sup>restriction</sup> is put on. In other words no contract is implied and the broadest latitude of use must be allowed to a purchaser where no contract is made because if the patentee intended to impose any kind of a restriction, no matter how great, all he has to do is to sell the article with that restriction. In this patent, 214, appeared this claim " a tablet or body for recording sound vibrations" &c. in patent 288 appeared this claim, "A <sup>sonorous</sup> tabular self-sustaining tablet for recording sound or, ~~XXXXXXXXXX~~ vibrations". This tablet <sup>we</sup> ~~being~~ sold ~~xx~~ as a means for recording sound by sonorous vibrations . A tablet intended for a certain specific use. And now they come to us and say "You cannot use it in that way unless you use it in connection with our machines which are described in another <sup>claim</sup> ~~column~~ in the patent". The proposition has only to be stated to show the fallacy of their position.



If they wanted to restrict a purchaser of this tablet so that he could only record upon it by means of their machine then they should have said so right on the edge of it; they should have stamped on it "Licensed to be engraved only on machines licensed under our patent" or required such a contract from the purchaser. But here they sell it absolutely; a thing intended for that use and stated in their patent to be for that purpose, and now want to impose on that a restriction, to wit, that it is to be used only in connection with their machine.

The fact that they realized that position and the force of it is shown most strongly by the complainant's moving papers. It appears there that a month or so ago, or perhaps longer ago than that, Mr. Tewksbury went to the Graphophone Company to buy blanks - the Edison Company could not keep <sup>up</sup> with the demand and were behind in the orders, so he brought some graphophone blanks. They made him sign a paper saying that those blanks should not be used on duplicating machines. They knew perfectly well that the unrestricted sale of these blanks gives the right to have a record put on it by any machine we please and they imposed a restriction which in that case protected them.

Instead of coming here to your Honor for this injunction, if they do not want duplicate records put on the blanks, why don't they impose that restriction and why didn't they impose that restriction in the license

to Edison? Not come in here and ask your Honor to put this forced construction on the claim in the patent and defeat the very object for which the article is sold.

There is another consideration which I will advert to. In this-- (we call it a treaty between the Graphophone Company and Mr. Edison, because the war had continued so long and it was so great that it is hardly sufficiently dignified to call it a contract, so we refer to it as a treaty) the treaty which gave this license to Mr. Edison's company, and in this contract there is a peculiar phrase. After granting the license it says "It is further agreed that neither interest will bring suit" against machines &c. which had been put out commercially. In addition to the license under the patent they agree that they will keep their hands off anything that has been put out before. They do not say that neither party will bring suit against the other for putting out such machines &c., but that they will not bring suit against such types of apparatus or supplies which have been put out commercially by either party up to that time. In the case of a customer the reason is all the stronger and I can see why Mr. Edison should have had that put in there in order to protect his customers because the more duplicates we make the more blanks we buy of him, and those blanks had been put out commercially under Mr. Edison's patent long before the contract was made, so that in this contract they agree they will not bring suit against such types, against duplicates. That might well have been put in to



protect the customers of Mr. Edison against just such attacks as this.

It was said awhile ago that Edison had never been licensed to sell duplicates. This clause allowed him to put out duplicates and we have proved that he made them, and the North American Phonograph Company put them out. So Mr. Edison was authorized to put out duplicates, and if they have given him another license this year I cannot see the point of that.

( A Recess was here taken ).

There only remains one other point to which your Honor's attention is to be directed which I will merely outline so as to show you that on final hearing a very strong defence will be made which will probably be successful, that is as to effect of the discontinuance of this suit.

On the record the same complainants sued the same defendants on the same patent. The bill in that case was identical with the bill in this case. The answer in that case was identical with the answer in this case. That case went to final hearing and after the final hearing there was a judgment discontinuing the suit, by consent. On the face of the record that would be an adjudication in favor of the defendant on the issues in the case. The issues in that case were identical with the issues in this case. Mr. Edmonds was mistaken in his statement of

what was at issue there. Although he was associated with me in the case he has forgotten what the real points were. The issues in that case were identical with the issues in this case, the claims sued on were identically the same claims as were sued on, and the question was whether the United States Company was violating that patent by making and selling sound records on licensed phonographs. Everything else was eliminated, that was the question in the case. They admitted they had licensed blanks, the blanks were licensed and they said "Do they violate the claims in the patent by making records with the help of these phonographs, is that a violation"? It is true that the counsel, Mr. Dyer who conducted the defence, during the examination of witnesses, made an effort to reduce the case to claims 1 and 4, but that was strenuously opposed by Mr. Mauro, and throughout his brief it is shown clearly that the points at issue were the same claims which are now here.

affidavit

In my ~~brief~~ I have an extract from his brief and I have here a copy of the record and I will leave copies of all the briefs here too so that your Honor can look at them. In that brief Mr. Mauro says, speaking of the stipulation which eliminated certain parts of the case:

"Plainly, the purpose of the stipulation was to simplify the issues by excluding from the consideration of the Court in this case the question whether machines like those owned by the defendant would infringe certain claims which relate to mechanical devices, and to confine the



case to those claims which relate to what constitute the real business of the defendants, namely, making and selling sound records". Then he said this. "The sound record in evidence may have been made with an Edison phonograph or with a chisel", which is exactly the situation here. The sound record he says may have been made with an Edison phonograph or with a chisel. In our case it is just as if it was made with a chisel, and he says "the sound record in evidence may have been made with an Edison phonograph or with a chisel. It is a matter of absolute indifference under the issues in this case. The Court has simply to inquire whether 'exhibit Defendants' sound record' was made in accordance with the claims for the patented method, and embodies the inventions of the product claims".

In other words the issue is identical with that here-- are the sound record claims valid. Then he goes on and says.

"It may turn out that many of the defendants' sound records were not made by the aid of phonographs at all. Most of the sound records of commerce are made by a process of duplicating, that is, copying from a master record, and while this fact does not appear from the evidence in the case, it may be referred to for the purpose of illustrating the argument".

He had under consideration the fact that the records might have been duplicates or originals, but the point

was "Are the sound record claims valid", and as far as the United States Company was concerned, the record was confined to that issue, and that was the issue in that case. With the same point at issue that case was discontinued. There are some cases which go so far as to say that simply showing in a bill in Chancery the record of the dismissal of a bill or the discontinuance of the suit, constitutes a bar to a subsequent suit by the same complainant for the same cause of action, and a decree for the defendant. There are such cases in England, Massachussetts and Canada, and I have them in my brief. But, to be perfectly frank and fair with your Ho nor, there are other decisions of a good deal of authority which establish a different rule. Those cases say that if the decree absolutely settles certain rights and says in so many words that it does so, it is an estopple, a res adjudicata; but where the case has been settled it is a question of aliunde ~~xxxxxx~~ evidence to show what the settlement was, and if the dismissal was a settlement of the rights of the parties they are bound by it.

At the time of this settlement the complainant knew that the defendant was making duplicates. That is denied in a half hearted way by these additional affidavits, but strangely enough they do not meet the affidavit of Mr. Childs who swears that in the Fall of 1894, and about the time this suit was started, he told Mr. Easton, the U.S. Company was making duplicates, and Mr. Easton complained about it and Mr. Tewksbury wrote Mr. Easton, saying they



were duplicates but they were just as good as originals and why not use them, and that started the graphophone company trying to make duplicates, and Easton bought duplicates from the United States Company and took them to the factory at Bridgeport and used them as standards of excellence, to see if they could make them as well. This affidavit of Mr. Childs shows that he knew all about the making of the duplicates. In addition to that there is a letter here which Mr. Tewksbury sent to the Columbia Company, of which Mr. Easton was the head. It is dated on October, 16th, 1895, and says: "We appreciate your willingness to pay a fair price for the goods, but marking the catalogue will not answer your purpose because we cannot ourselves tell which are originals and which not except on testing and examining each record".

So they knew perfectly well that they were making duplicates. So the situation is this--the United States Company is engaged in the business of making and selling original and duplicate records; a suit is brought and carried to final hearing where the question in the case is whether their patent is valid or not, and a decision would settle the question both as to duplicates and originals. A decision in favor of the U.S. Company would <sup>cover</sup> ~~favor~~ both. That case was discontinued by consent, and at the time the United States Company took I think something like 90 per cent, at any rate a large part of the output of the Edison factory; so it was very much interested in

the settlement. At the time of this settlement it appears from Tewksbury's affidavit, there was a conference at which a form of contract was submitted to myself and other counsel, and it was submitted to him, and it was as I understood, as he swears and also as I swear, and I think the understanding on the other side, that this discontinuance was in fact saying that the United States Company should go on doing as they were doing. I do not say it was a license, but both sides said "What you did you may go on doing. It may be the patents are invalid and you do not infringe, or it may be that you have a license, but no matter what it is, we all agree you have done no wrong and the suit is finished and everything is clear".

That is the situation which we expect to prove before your Honor when testimony is taken, at the final hearing; after counsel have been called, counsel on both sides, and their testimony given and they have been cross examined and the evidence put in concerning the facts surrounding that settlement; then it can all be brought out, and it will be shown that this was such a settlement as estops the complainant from again bringing this suit for this purpose and that since that settlement the United States Company have gone on doing business exactly as before - no different manner, management or method, and the complainants now comes here again with the same suit.

I claim that there is a defence, not of res adjudicata



exactly, but more in the line of an estopple on account of that discontinuance and the actions of the parties.

I notice ~~in~~ one of these additional affidavits, ~~the~~ <sup>one</sup> made by Mr. Edmonds, in which he concurs in Mr. Mauro's statement and theory of the settlement-- I do not think that testimony should be considered, because it is testimony of counsel in a suit testifying on the other side as to something which took place in the suit when he was on the opposite side. I think that is not proper evidence under the rules as it concerns matters between counsel and clients, and I think that testimony should be disregarded.

MR. EDMONDS: I desire to say that you abandoned that claim when you permitted your client Tewksbury to say, not that he understood it, but that everyone connected with the statement understood it.

MR. HAYES: That was his understanding.

MR. EDMONDS: It is not the fact at all.

MR. HAYES: Well it seems to me that that evidence of Mr. Edmonds is incompetent.

There is another thing in addition to that which your Honor will see is very strong and can be presented at final hearing, and that is, has the complainant acted in an equitable and fair way in what ~~they~~ <sup>it</sup> has ~~5/~~ done? Here was a case where we had a chance to have that issue decided in the best possible way. That record cost I don't know how much, I think between Twenty and Twenty five thousand dollars, of which the United States Company

paid something like \$6200. and there was a case where there was the best possible chance for them to win.

They understood the situation and dropped the case; that was in December, 1896. They started a suit against Wal-  
cutt & Leeds and got a decree <sup>in</sup> ~~xxxx~~ a half argued case; they go to Chicago and attack another man who is ~~soxxxx~~ weak that the minute they serve papers on him he sells his machines and quits, and then they ~~come~~ back after chasing these poor people and begin suit against us and base their suit on those two little mean decisions.

Why didn't they bring suit right over again if they wanted to go on? I think their action in that respect shows such an attempt to take advantage of the rules of this Court which allows an adjudication in one case to have an effect in another, it is such an apparent, barefaced effort to misuse that rule of the Court, that they should not be allowed to do it in this case in the matter of a preliminary injunction. Whether or not they are entitled to go into the merits of the case in regard to the settlement on final hearing, they should not be allowed now to bolster a case in this way at the expense of ourselves, and in this unfair way. It is impossible for us to make as good a defence now as we did before. There we had Mr. Edison's work putting all his might in the case; he made innumerable experiments as you will see. He testified. We had the deposition of Professor Morton and the assistance of Messrs. Dyer and Driscoll and while



perhaps I ought not to say it is impossible for us to make such a defence again, it would be a matter of enormous expense. I don't know if Mr. Edison would make the same experiments. We should have to get him to verify the former ones, but then he would not work in the way that he would if it was his own fight. Shall they deprive us of the benefit of that case, when it was in the best possible form, and now come back trying to strike us when we are not so well protected? It shows inequitable conduct on their part, and it is certainly fatal to any claim for a preliminary injunction.

The only other point is one which occurred to me in answer to what was said by Mr. Mauro, in which he was a little mistaken in his facts. Tewksbury's connection with Walcutt & Leeds was merely that of a stockholder, and he testified to that fact, and of course a stockholder is not bound by a decree against a corporation. If a person held stock in the United Railroads of New Jersey, and that company was enjoined from operating a certain patent, it would seem very hard if he should be considered as being under the injunction also.

The only other evidence is an extract of testimony given by Mr. Walcutt in another suit. We have Walcutt's affidavit to the contrary and that of Mr. Tewksbury too. Furthermore Mr. Tewksbury is not connected with the United States Company in such a way as to make his action binding on them. It appears in the evidence that he was the

37  
Treasurer and Manager of the Company and ran it up to about a year ago when he resigned from his office and became the general sales agent for the National Phonograph Company; he remained the general sales agent of that company until last Fall when he left them and became the foreign sales agent of the United States Company. So he is not such an officer or so connected with the company as in any way to make any actions of his binding on the corporation even if you should go so far as to say that his connection with Walcutt & Leeds connected him in any way with that case.



Argument of C.E. Mitchell, Esq. on behalf  
of the defendants.

May it please your Honor. Alone of the counsel in  
this case, I come into it now for the first time.  
I shall try to make no errors in stating the facts relat-  
ing to the history of the case, nevertheless I cannot be  
absolutely certain that I shall not do so. I shall hope  
however to be entirely accurate.

This is a motion for injunction. A motion for  
an injunction illustrates the inequitable side of the  
proceedings in equity, it is the unjudicial side of equit-  
able proceedings. Its motto is "strike and then hear" and  
not "hear and then strike". That being the case all the  
intendments are against the complainant. He must show  
clearly that his patent is valid, that the defendant in-  
fringes and has no justification for the alleged infring-  
ing acts. That is the general rule, but subject to  
that there are special rules which have been formulated  
for the purpose of giving some regularity to a proceed-  
ure in its nature incapable of perfect formulation.  
The first rule, if I am right, is that the patent itself  
is never a sufficient warrant for an injunction. The  
presumption of validity, growing out of the seal of the  
patent office, however great, will not alone warrant  
a preliminary injunction. The next rule, if I am right,  
is that there must be an adjudication after a strenuous  
and bona fide contest, sustaining the patent, or there

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must be such acquiescence on the part of the public generally as is tantamount in probative force to such an adjudication. Your Honor will notice that I do not say an adjudication that the patent is valid, but that there must have been an adjudication after a strenuous and bona fide defence. That rule was laid down by the Court of Appeals of the First Circuit, in a recent case which I do not now call to mind, but the rule is entirely familiar to your Honor, and that rule is followed in all of the decisions and is expressed in most of the decisions that are quoted by our opponents in their brief. It was your Honor's decision in Campbell Printing Press Co v. Prieth, et al.

"It is a well settled principle and one uncontroverted that when a full, fair and bona fide hearing has been had upon the merits--"

THE COURT: I don't think there can be any dispute about that, Mr. Mitchell.

MR. MITCHELL: That then is the second rule. If there then be a decision of a Court of coordinate jurisdiction, and especially a decision of the Court of Appeals, after a strenuous and bona fide defence, sustaining the validity of the patent, and if there be a case of infringement that is either clear beyond reasonable doubt, or has been held by a previous Court to be a case of infringement and the defendant has no special equity existing between himself and the complainant which puts him out of the range of the ordinary application then an injunction will go.

C



In this case it will be found that there has been no such strenuous and bona fide defence by a person in a position to make such a defence. I think it will be found that no court has held that what these defendants do is an infringement, and I am certain that it will be found that no Court has ever held that anybody, situated as these defendants are situated relatively to the complainant in this case, was in a position to be enjoined pending the proceedings.

Before attempting to apply these principles however I will ask your Honor's attention to the pleadings in the case. The prayer in this case is for an injunction against the use of apparatus and the prayer for a preliminary injunction is for an injunction of corresponding force and effect. Unless your Honor is prepared to say that a man may call for a preliminary injunction such as is not prayed for in the bill of complaint, why, of course all these requests as to impounding machines, and matters of that kind, are entirely outside the case. If your Honor will examine the petition for a temporary injunction you will see that nothing of the kind is there asked and in the nature of the case it would seem as if nothing of that kind could be properly asked in any event. I speak of that in passing although I do not wish to delay upon it at all.

This case is a sui generis case. It is not the case against Walcutt & Leeds, nor that against Amet. It is a case in which there has been in the very vesti-

bule of the case a full and complete defence against those matters growing out of the relations which have existed between those parties in Court. The very first requisite of a motion for an injunction is that the plaintiff shall not have been guilty of laches; that he shall be in a position of saying that there is danger of irreparable injury unless the Court, pending the litigation, grants a preliminary injunction. Now what position is this complainant in to say that in this suit recently instituted he will suffer irreparable injury if this Court does not enjoin the defendants, while the defendants are again putting in their defence? Why, may it please your Honor, these parties have been in this Court ever since 1894. They brought a bill of complaint against the United States Phonograph Company, charging the infringement of these two patents. In the brief of Mr. Mauro is set forth the claims which they asserted, and they are the same claims that are here involved, with some others, if I am right. In that case testimony was taken on both sides at great expense, with a great consumption of time, and all that the prior art and the skill of counsel and the knowledge of experts could bring into the case was brought. That was printed and it constitutes an enormous record. My clients paid over \$5,000. towards the expenses of that suit-- nothing compared with that which was paid by the Edison Company, but a very pretty sum may it please your Honor, to make out what was then believed to



be a bona fide defence. They went to the Court and they had a hearing before Judge Green, but unfortunately that estimable Judge passed away before any decision could be rendered. Then the parties to the principal litigation made a settlement by which each party went his own way, each being licensed by the other, and the United States Phonograph Company had the bill dismissed by the consent of the complainant in the case. That was sometime in 1896, ~~xxx~~ <sup>can</sup> Now these parties, when they come into Court afterwards and file a new bill on the very same patents, be heard to say in that Court that they have an equity so controlling in its character that this defendant, who has gone to this enormous expense to make a full defence, should not be heard, but that an injunction should run against it pending the hearing? Is there not there at least latches, is there not a waiver of all immediate relief? As Brother Hayes said, why did they not begin anew immediately, if they believed they had any rights. Instead of that, so to speak, having appeared before Havana and tested the guns of Morro, they steal around to Porto Rico and expect the walls of Havana to fall! I submit that they waived all rights in this Court to an injunction until they meet us again with a record such as will determine fully, finally and fairly between the parties. I think it was never heard of, I think the precedent can be found nowhere, where a party has come so near to a decision, such as would be complete and controlling, and has run away from the Court as rapidly

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as it could run and was permitted to come into Court again and say---

MR. MAURO: With a final decree in its favor!

MR. MITCHELL: Yes, with a final decree in its favor if you like.

(Continuing) Leave that defendant who has made out such a defence as none of the defendants in the other equity cases were able to make, leave that record and other claims go into Court on ~~XXXXXXXXXXXX~~ generally, with a deposition or two more or less, get a final decision and then come into another Court and say "It is true we ran away from this Court, it is true we ran away from that record, it is true that defence was such a defence as ~~xxx~~ never has been put in since, but nevertheless we think we are entitled to a preliminary injunction."

I submit that irrespective of any other defence in this case as between these two parties who have locked horns with each other in this Court, the defendant being ready and willing to make a full defence and having paid \$5,000. and more to get together the materials of that defence, I submit that it is contrary to every consideration of equity or equitable procedure that they now, on affidavits, should have an injunction pending a litigation which we are prepared to enter upon, however reluctantly, and to introduce proofs which we think will be entirely satisfactory on a final hearing.

Right there, may it please your Honor, and independent of every other defence in this case, I seek to drive



a stake and ~~we~~ ask your Honor to say that irrespective of every other consideration in the case we are entitled on that ground alone to a denial of this motion.

That defence is set up in this case not only as a defence to this motion, but as a defence upon final hearing, and a defence which we think will prevail on final hearing. It is found in our answer on page 27, paragraph 24, as follows:

"That by reason of its laches and further by reason of its acquiescence in the acts and doings of this defendant and others, this complainant is forever estopped from enforcing any right of action against the said defendant under the patents here in suit. And the defendant further alleges that by reason of the complainant's knowledge for a long period last past, and by reason of the relations which have existed between said complainant and said defendant and others the said complainant is further estopped from enforcing any right of action upon said letters patent against the said defendant".

Your Honor will notice that defence is not a defence based upon consent, a defence based upon a decree of dismissal, it is based upon laches and delay and the equities that arise out of it, and I intend to press it with all the force of which I am capable, on final hearing. We here press it as a reason why the injunction ought not to go.

In addition to these grounds of defence by reason of laches and delay, and the previous relations of the parties, we set up the decree of dismissal itself. On the final hearing we intend and expect to urge before your Honor the matter contained in paragraph 29 of the answer found on page 30.



A

"That on the 13th day of October, 1894, the said complainant filed its bill of complaint in this Court against this defendant and others, alleging that this defendant had infringed its said patents Nos. 341,214, and 341,288; that on the 3rd day of December, 1894, this defendant filed an answer to said bill of complaint denying the validity of said patents; that a replication was filed by said complainant to said answer; that proofs in the said cause were taken and completed by both parties, and the case set down for the first hearing; that a final decree discontinuing said suit was then entered in favor of this defendant and against the said complainant by the consent of the said complainant; that the said decree of this Court was upon the same point between the same parties and upon the same matter in question in this cause, and that the said complainant is forever estopped from setting up the validity of said patents as against this defendant."

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Now precisely as said by my learned friend, the decisions are at variance upon the question of whether that is technically a full estoppel; nevertheless we have set it up in the answer and upon the final hearing we shall expect to have the benefit of those decisions which go to that extent, if they commend themselves to your Honor. We have set it up here as a full estoppel against this right of action, but, as Brother Hayes says, we have set it up in that relation, and we have also set it up in another relation, to wit, that such a settlement and such a dismissal decree will have that effect which in equity it ought to have in view of the understanding of the parties and the surrounding circumstances of the case. Hence paragraph 28 in the case, which instead of pleading this settlement as a technical estoppel, pleads it in its connection with the understanding of the parties, so that the Court will give it the effect

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in equity which it ought to have in equity, there being a line of decisions which hold that where a bill is dismissed the Court will not say that it is in itself an estoppel, but will seek to ascertain the intent under which the dismissal took place, and give it effect accordingly. So we have pleaded in paragraph 28, that the said case was at issue and set down for final hearing in this Court, and then we continue;

✓ "That in said proofs evidence was given on behalf of this defendant tending to prove the invalidity of said patents, and on the part of the complainant tending to prove their validity; that said proofs showed that this defendant was engaged in using and selling phonographs and in making and vending sound records; that after the said cause was at issue and set down for hearing a decree was entered in said cause by consent of complainant discontinuing said suit; that the purpose of the parties to said suit in the entry of the said decree was to settle the matters in difference between this defendant and said complainant, and to assure to this defendant the right to continue the use and sale of said phonographs and the making and vending of said sound records in the manner theretofore pursued by this defendant; that this defendant has from that time continued to use and sell phonographs, and to make and sell sound records of the same character, in the same manner as theretofore and of no other character and in no other manner; and this defendant charges and insists that the said decree estops the complainant from objecting to such making and vending of sound records on the part of this defendant".

I do not think we are greatly at variance as to the purpose of that settlement excepting that our opponents say that we were not previous to the settlement following the line of business in the way in which we now practice it, and therefore they say that we have overstepped the rights which were recognized to reside in us in this settlement, for they say that we have the right to make original sound records, but not duplicate



sound records, if I understand them. On that subject I am entirely willing that your Honor should examine the affidavits. If there is a substantial dispute upon that point the injunction ought not to go, because where parties have come into Court and have taken their testimony and have reached a conclusion such as was reached here, if your Honor is satisfied that we put forth our claims in good faith as to the nature of that settlement and our rights under it, we should have an opportunity to be heard on that subject, and no injunction would run against us meanwhile.

Therefore all I need to maintain is that there is a fair range of dispute, and that we are acting in good faith in maintaining our proposition.

But the fact is that the testimony in this case establishes the fact that we were making these duplicates from 1894 down to the present time, and your Honor will find a series of letters in the case between the Columbia Phonograph Company run by this Mr. Easton, I think, whom Mr. Mauro says is the proper man to speak on that subject, and our company, back in 1895, prior to this settlement, which letters on their face show knowledge of the fact that we were manufacturing masters and manufacturing records that were not masters. Take the letter to the Columbia Phonograph Company under date of October 16, 1895, which is on page 26 of our affidavits and which is one of that series of letters in which the United States Phonograph Company state a fact with re-



ference to the method in which they get their records.

I will read a few words in the last letter on the page.

"But to secure the kind of records you want would require us to go over our entire stock and make a test that would take many days, in order to mark the catalogue. We keep all records together regardless of method of manufacture, the quality being the only consideration when the goods are stocked. We appreciate your willingness to pay a fair price for the goods, but marking the catalogue will not answer the purpose, because we cannot ourselves tell which are originals and which are not, except on testing or examining each record. The stock numbers a great many thousand cylinders."

There is a letter, one of many which was written to the Columbia Phonograph Company managed by Mr. Easton, who was at that time one of the managers of the ~~Rhaxx~~<sup>Graphophone</sup> ~~graph~~ Company, which shows unequivocally that for more than a year before this settlement, they knew perfectly well that the United States Phonograph Company was carrying on the business of manufacturing originals and duplicates. And the testimony of Mr. Mauro, which intends to state it exactly as he understood it, lends color to the position which he maintains. He says:-

"In my brief prepared for final hearing of that cause I was only able to say 'it may turn out that many of defendant's sound records were not made by the aid of phonographs at all. Most of the sound records of commerce are made by a process of duplicating, that is copying from a master record, and while this fact does not appear from the evidence in the case, it may be referred to for the purpose of illustrating the argument'".

If you go no further than that, there is evidence, upon the brief of complainant's counsel, that he was put upon inquiry as to the course of the defendant's business. Whatever complainant's counsel may have



known, the complainant knew that that was the course of business of the United States Phonograph Company at that time, and the counsel knew enough about it, or surmised enough about it, so that he deemed it his duty to set forth in his brief such arguments as would be adapted to the entire line of business that the defendant might be conducting. When therefore they came afterwards to that compromise, they came to it I insist not only chargeable with knowledge through their suspicions, but with actual knowledge on the part of the complainant in the case that that was the course of business. So that if it be true, as seems to be practically conceded, although perhaps I am not entitled <sup>to</sup> concede that, but if it be true that there was an expectation that the defendant should go on thereafter as theretofore in the same line and course of business, it extended to the manufacture of these duplicates as well as to the manufacture of originals.

Now all those <sup>defences</sup> ~~issues~~ we expect to make on the final hearing; we expect to make the defence of laches, we expect to make the defence of estoppel by the taking of the decree, we expect to make on final hearing the defence that we did not surrender all the advantages which had accrued to us by the enormous record in the former case without obtaining some quid pro quo and that it was the mutual expectation and understanding and agreement that we should continue thereafter as we had done theretofore, and to urge that if that had not been the under-



standing another suit would have been instituted then and there and they would not have waited during an intervening period in which to get decrees on records not of that (Indicating record in the former case against U.S. Co) character.

There is another defence may it please your Honor which I think has not been made in any of these other cases. I may be mistaken in this, but feel quite sure I am not. It is this:- That in none of the preceeding cases so far as I know have both the phonograph and the blank been purchased of a person who lawfully might sell the same.

MR. MAURO. You are very much mistaken about that.

MR. MITCHELL: In the Anet case the traced blank was bought from a person who had the right to sell it, but the sale of a traced blank, as I shall show your Honor soon, is a very different thing from the sale of a blank to be traced, and I think I am right when I say that no decision has been rendered that goes on all fours with this, on the question of infringement.

Let us see what the situation is. The Edison Company, after this litigation, made a settlement; each company licensed the other, and doubtless each understood that by licensing the other it was parting with something and receiving something. The Edison Company got certain rights as against the Graphophone Company, and the Graphophone Company wanted and obtained rights against the

Edison Company. The Edison Company evidently understood that they had the right to pursue the course of business thereunder with the United States Phonograph Company, which they had theretofore pursued. From the settlement down to the present time they have been engaged in selling the defendant phonographs and phonograph blanks well knowing that the defendant would use those blanks both to make originals and to make duplicates. It is not to be conceived of that the Edison Company is not doing that which they understood they had a right to do under that settlement. It is easy enough for the Edison Company, if it chooses, to sell these blanks to the defendant the United States Company and to put on them "Licensed for use only on phonographs purchased of the Edison Company or of the American Graphophone Company". It is easy enough for them to do that, or it is easy enough, if they please, to refuse to sell blanks at all to the United States Phonograph Company. They understand, evidently, that they have a perfect right under their settlement to sell to the United States Company phonographs and phonograph blanks to be traced either as originals or as so-called duplicates. They understood that and they continued to sell to the United States Company, and the United States Company today take a very large portion of their product, I think in one of the affidavits it says 80 per cent of their entire product is used by the United States Phonograph Company, and if it be true that the United States Phonograph Company have not the right to do what



it is now doing, ~~and~~ then it follows that the Edison Company equally misunderstood that settlement and the rights acquired by them and the United States Phonograph Company under that settlement. If the Edison Company did not believe that under that settlement they had the right to sell to this defendant company blanks to be traced either on the graphophone or on the phonograph with this attachment they would withhold the blanks. They sell us the blanks knowing our course of business; they sell us the blanks knowing that we are a company engaged in manufacturing and selling blanks, originals and duplicates; that that is our entire line of business, excepting as we buy of them phonographs and sell them again. Therefore this course of business stands upon the understanding of the Edison Company as to its rights and the understanding of the United States Phonograph Company as to its rights. If the complainant company does not think the Edison Company has the right to sell those blanks to us to be used in the business as we have heretofore used them, let them seek an injunction against the Edison Company and try to stop them from selling us blanks to be engraved by us as we are known to engrave them, and as we were known to engrave them when this settlement was made. I do not think there has been any case before any Court which presents that attitude of affairs. I do not think there has been any case before any Court where the defendants bought of a regularly licensed manufacturer who believed in good faith,

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as the Edison Company does, that it had the right to sell these blanks to be treated as we treat them. At the same time I recognize the fact that in the Amet case traced blanks were bought by the defendant, and the Court held that they might not employ traced blanks for duplicates; that is not this case; this is a case where we buy blanks untraced which a licensed party sells to us, and which the licensed party understands he has the right to sell to us to be used as we use them.

Then too there is a defence to be made in this case that so far as I know has not been made in any other case, and that is this. The blanks which the Edison Company sells to us are covered by certain claims of this patent; they are not traced blanks, but they are blanks to be traced, and just as the sale of a graphophone carries with it the implied right to use that graphophone to trace blanks, a right which is recognized by Judge Wheeler and the other judges, so the lawful sale of an untraced blank by a licensee under a patent which license authorizes him to sell blanks to be traced, carries with it an implied license to trace those blanks. It will be said that the implied license is a license to trace them on that machine. On the contrary the license which is implied from the sale of a blank to be traced is a license to make such a record as that patent covers, and if the patent covers records which can be traced by the graphophone, or by a graphophone with an auxilliary device, then the license is co-extensive. It will not do, may it



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✓ please your Honor, to say that that claim for a sound record shall be extended to cover a sound record whether made upon the graphophone or in some other way that the complainant did not invent, and then say that when they sell the blanks to be traced the defendant may trace them in the way specified in the patent and he may not trace them in a way which the complainant did not intend. The blanks are sold to be made into traced blanks and he waives every particle of that patent which stands in the way of their being traced in any way. He might just as well say when he sells a graphophone "You shall not use it excepting to trace a record upon a blank, because we have other claims for that blank record", he might just as well say that as to say "You shall not use a blank which is patented to be traced because we have other claim for that traced blank". May it please your Honor the patent system was not established for the purpose of enabling patentees to trip up manufacturers in that way. Precisely as was said in the very learned presentation of that part of the case (as in all others) by my brother Hayes, it is the province of every inventor, every patentee who wants to put a restriction upon the use of an article, to put that restriction upon it and say, as was done in the Cotton Bale case "Licensed for use once only" or, as might be done in this case, "Licensed to be traced upon a graphophone only". It is the province of inventors to do that; if they do not do it the sale of the

thing, being a thing made under the patent and included within one of the claims of the patent, is a waiver of everything in that patent which prevents it being made into anything mentioned in that patent. Certainly the complainants have no greater rights for methods of manufacture which they did not invent, than they have for methods of manufacture which they did invent.

Therefore may it please your Honor in all these respects this case is sui generis.

First, in that the complainant has had his opportunity in this case and has thrown it away, and now he should wait until there is a fair opportunity for the defendant.

Second, because in view of the settlement, what we are doing we have a right to do.

Third, because that was a technical estopple.

Fourth, because the thing which we are doing is something which is authorized through our relations with the Edison Company and the complainant, such as was not the case in any other tribunal.

Fifth, because we present here an argument based upon the fact that these blanks are vendable articles, recognized as such, and vendable to be traced, and we have the right to trace them in any way we please, because everything that is contained in the patent is waived as against us.

It would seem to be unnecessary for me to go any further. In fact the probability is that if the points which



I have already made were not effective your Honor would say that on the question of the validity of this patent - aside from the fact that it has not been strenuously enforced - at this stage of the case it is at least doubtful whether an injunction should run.

But it is always desirable when one comes into Court and insists on his day in court to show the Court that the expectation of making a full defence and of prevailing upon the final hearing, ~~is~~ is a bona fide expectation. It is for that reason I ask your Honor's attention for a few minutes to the question of the validity of this patent.

The graphophone or phonograph industry (whichever you may choose to call it) stands upon two inventions of Thomas A. Edison. They are the original, brilliant achievements which startled the world by the revelation of the fact that the inventor had made inanimate things talk - of all the wonderful invention of this wonderful age, the one which it seems to me stands out the most conspicuous is that which contains the original idea of the talking machine. That invention was given to the world by Thomas A. Edison. The second invention which lies at the basis of the talking machine is the metallic soap blank also invented by Thomas A. Edison. That is the blank which you see before you. It has been lying on the table there up to this time representing some invention of Bell & Tainter or of Tainter. That however is the invention of Edison and it is secondary in importance only to the origi

nal brilliant discovery that inanimate things could be made to talk. I have here a specimen of the invention of Bell & Tainter; this accompanies the affidavit of Mr. Vansize in the case. Their invention consisted of a paper backing surfaced by a mixture of paraffine and wax, or, as it is said in a general way, a wax like material. It is pliable, you can bend it a good deal without breaking it. Another form shown in the Bell & Tainter patent is that in which a band is made which is drawn off from a reel, and that has also considerable pliability, and it is absolutely essential it should have this pliability in order that it should accommodate itself to the reel and to straightening out after leaving the reel. That wax like material was the stuff used by Bell & Tainter. If the record in this case is correct that was a flat failure, and its failure arose from this cause:- In order to make it soft enough to receive the impression from the vibrating tool carried by the diaphragm, it had to be, as was supposed, somewhat of the consistency of this wax-like material. But the truth was that when you undertook to use that material with the graphophone it was too soft and the elevations would be ironed down by the reproducing stylus and the result was that it was a complete and absolute failure. I will call your Honor's attention to just one affidavit on that point, to the testimony of Walter J. Knight, our last affidavit on page 64, which is as follows:-



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"Walter J. Knight being duly sworn according to law on his oath says: I am one of the official stenographers of the Court of Chancery, and have been a Court Stenographer of this state for the last twenty years. In 1889 when the phonograph and graphophone were first being exploited commercially, I hired from the New Jersey Phonograph Company a graphophone to use for transcribing testimony. The blanks that came with it were long rolls of pasteboard with soft black wax on them. After taking testimony in a case I tried dictating from my notes to the machine and having typewriters in my employ afterwards transcribe the dictation. I made a thorough trial of it, but it proved a failure. It was found impossible to reproduce the dictated matter sufficiently clearly for it to be understood. I soon had to abandon the use of the machine".

THE COURT: Now I know that that is practically true, because I had an office right next to Mr. Knight while he was making experiments-- and I was very glad when he abandoned it for I could hear him shouting into it nearly all day long!

MR. MITCHELL: The thing to be done was to discover a material which would receive the impression and yet be hard enough that its elevations would not iron down in giving back the impressions to the diaphragm. That was the thing to be done, and that is what Mr. Edison did in the invention of what is known as the metallic soap blank, and that (exhibiting blank to the Court) is the blank. The Graphophone Company, according to our affidavits began to pirate it as soon as Edison brought it out, and the first graphophones, if we are rightly informed - if our affiants are correct - that had any success used those blanks. The success of the graphophones stood upon Mr. Edison's invention of the metallic soap blanks and when this settlement came about and the



Graphophone Company got the right to use the Edison blanks they for the first time had something that was of value in the phonographic art. There are the two things, the original conception and the original machine of Edison and then the metallic soap blank which enabled such a record to be received and to be given back so that the elevations would not iron down, which, if I understand the experts aright, formerly obliterated the hissing and the labial sounds.

let us look

Bearing that in mind, for a moment at this patent What I have said applies specially to the Bell & Tainter patent. The second Tainter patent, with substantially the same material, is for the form of the blanks, and about that there is no controversy in the case, because the second patent goes over to final hearing by the action of the complainant.

In this patent, without going into details here (referring to drawings) is the disc in figure 4; here is the stylus or cutting portion and here is the place where the voice enters and causes the diaphragm to vibrate, thus causing the cutting stylus to excavate the surface of the compound of wax and paraffine. Then there is another form here (Indicating) in which the wax-like material is distributed upon a belt of paper and acted upon by the stylus. That patent is for the method of producing a sound record upon a wax-like surface by means of the operation of cutting or engraving. It was a complete failure and we insist that upon final hearing it will be held



in the first place that the metallic soap is not the equivalent of the wax. The wax is distributed upon a paper; it has no ability to stand alone and as a material it is too soft to give back the impressions. The other material is a material which is composed partly of metallic substances; it is a material which according to the expert Mr. Vansize is more nearly an equivalent for what is known as the Edison Metallic surface or tinfoil graphophone, than this, by reason of the metallic ingredient which it contains. If your Honor hears this case on final hearing we expect you will hold-- or whoever hears it we expect it will be held that the metallic soap is not an equivalent for the wax-like material of the patent in suit. There are two principles upon which that depends, one is that it is the subject of a patent and as such is entirely different from the other, and---

THE COURT: Is it patented.

MR. MITCHELL: Yes, sir. Beyond that there is a line of cases which stand upon the broadest foundation of equity, to wit, that that which is commercial and useful is not the equivalent for that which is uncommercial and useless. Courts look at results, and when a man invents something which is uncommercial and useless and a failure and attempts to assert that against another thing which is commercial, useful and a success, wherever courts of equity sit, they recognize in that fact a presumption that they are patentably different things and that the one does not infringe the other. Upon that pre-

sumption we stand today in requesting your Honor to postpone that question until the final hearing.

I know that in the case before his Honor, Judge Wheeler, the complainant's experts said they were equivocal, and his Honor Judge Wheeler so states, and in that half tried case that result was reached, so that if that was the only question in the case possibly your Honor would naturally be disposed to follow Judge Wheeler in the case. I speak of this for the purpose of showing your Honor that when we come to the final hearing we do expect to satisfy the Court that the distinction exists between those two materials which we now and here present to your Honor, and we think that by the aid of the experts, which as I understand were not present in that case for the defendant, we shall absolutely satisfy your Honor that such is the case.

It certainly would be a pity if the inventor of the phonograph and the inventor of the only sound record which is capable of use on the phonograph could not sell to this defendant that phonograph and that sound record without being challenged by an intermediate inventor who made a thing that was worthless.

What we have to say upon the subject of the validity of this patent is contained in the affidavit of Mr. VanSize which your Honor will carefully read, but I will read the result to which he comes; it is on page 11, of his deposition. After referring to the early work of Mr



Edison, and after referring to the work of other inventors which work was sufficient so that it was urged in this Court by the former counsel for these defendants, Mr. Dyer, as a full defence; basing his testimony on the work of these previous inventors, Mr. Vansize reaches this conclusion.

" I am therefore clearly of opinion that the subject matter of claims 7,8,10,17 and 18, of patent 341,214 contain no patentable novelty, and that the matters therein referred to in said claims and each of them, was old in the art prior to the alleged invention of the patent in suit, No.341,214".

The conclusion to which this learned expert comes is more important at this stage of the case that his reasons for his conclusion, and I will read one or two <sup>quotes</sup> things which he ~~xxxxxxxxxxxxxxxxxxxx~~ on page 8 of his affidavit, from "Le Rappel" of December 11th, 1877, referring to the Cros paraffine record.

"The registering of the voice will be effected on a turning and progressing cylinder, which cylinder is coated with a plastic substance such as paraffine; the lines will be gouged out on the same by an index actuated by a lever with unequal arms which will amplify its movements".

Your Honor of course understands the line of argument of our opponents:- That Mr. Edison made an indenting phonograph and these complainants made a ~~xxxxxi~~ gouging or engraving phonograph. It is true Mr. Edison made an indenting phonograph, for he found that a metallic surface always gave a louder and better sound without the use of a horn; he encountered the same difficulty which made these complainants' method a failure, but he practiced the complainants' method and practiced it with the same degree



of success as the complainant, and it does not lie in the mouth of the complainant to say that practicing it with that degree of success he did not do earlier than the complainant what the complainant claims to have done.

On page 8, Mr. Vansize gives a quotation from the "Engineering" publication of London, of April, 1879, where a Lambrigt record surface was described as follows:

'The upper surface of a rectangular prism of glass or other hard or rigid material, is thickly coated with stearine wax, which is then scraped into a convex form as shown in the diagram fig. 2, in which 'a' represents the glass bar and 'b' the convex coating of stearine. This bar is then fixed into a simple phonographic instrument, which, by means of a screw or other mechanical contrivance traverses it at a suitable speed below a diaphragm. x x To the center of this diaphragm is attached a thin flat plate whose lower end is cut out to a concave curve to fit the convex surface of the stearine 'b'. When all is properly adjusted and the temperature is so arranged as to give to the stearine surface the proper degree of hardness to insure the best results, the handle of the instrument is turned and at the same time words are spoken against the diaphragm which immediately set up in it vibrations which are communicated to the plate or style. While this is moving up and down, following the vibrations of the diaphragm caused by the voice, the stearine coating of the bar 'a' 'b' is steadily drawn in the direction of the arrow below the vibrating bar, receiving from it a phonogram similar to that produced on the tin foil of an ordinary phonograph'."

here is something

In other words, which from the necessity of the case and the stylus would be graven by the stylus drives the material before it in the direction of the arrow, producing by the action of the stylus a phonogram similar to that produced on the tin foil of an ordinary phonograph.

But your Honor will read this affidavit of Mr. Vansize. This suit I think largely rests upon the record in the other case. What Mr. Edison testified to and what he did has never gone into any case. It is said that the



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Edison Patents have gone in unaccompanied by the explanation of any expert. But Mr. Edison's testimony has never gone into any case; Mr. Bacheler's testimony of what was done by Mr. Edison has never gone into any case. If this bill had not been dismissed with the understanding on our part, and, as we think, with the understanding on the complainant's part, that we were to go on there after as had been done theretofore, then this testimony of Mr. Edison and of Mr. Bacheler and others as to what was done in the early stages of the phonograph, and by Edison, would have come before the Court and be passed upon.

It is true undoubtedly, as said by Mr. Mauro, that this testimony of Mr. Vansize is coincident with what is contained in that record, although of course it is very meagre in comparison with the record. I do not think that is any impeachment of it; he certainly has gone into no other case, and he is entitled to be heard in this case.

I can imagine, in advance, that the counsel will undertake to say all these things are inadequate. Mr. Edison supposed they were adequate; Judge Lacombe refused to grant an injunction at one time because of this testimony and of the fact that it was expected to come before the Court. The same effect was given to this testimony and its expected effect upon a Court by Judge Grosscup in the Anot case, and we think it will have the effect of establishing our position upon final hearing in this case, and if we have reason to believe that we

have a case based upon the testimony of these witnesses, surely that matter will not be decided against us at this stage of the case.

Therefore I do not care to spend any more time upon the question of the validity of this patent. We have copies of the English patents which will be placed before your Honor. The second patent has something to do with the circular form of the blank, but it is a blank of the same material and the complainant himself has not faith enough in that to ask for a preliminary injunction. That goes over to final hearing, and the rest should go with it.

I close my connection with this argument, as I began, with the suggestion that this case is a case of its own kind; it stands apart from all the other cases; it is a case where the complainant has had his opportunity in this Court, and that being the case it is sufficient ground ~~XXXXXXXXXXXX~~ alone, and especially in connection with the other facts in the case, why the complainant should now wait patiently until the final hearing. Of course we are willing--- undoubtedly the parties are willing, to stipulate in large parts of this record which undoubtedly would facilitate the despatch of the case. We simply want the hearing which we supposed we were to have, and we believe that the course of business which has been carried on heretofore and which is being carried on today with the co-operation of the Edison Company is a business which we have a right to continue until these complainants make out a case against us which we think they never will do.

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Argument of Philip Mauro, Esq., in reply.

Your Honor has been occupied a long time already with this case, and has been exceedingly patient; therefore I shall endeavor to make my reply exceedingly brief, addressing myself to what I conceive to be the propositions of the other side, rather than to the force of reasoning or the matters ~~which~~ upon which they are based.

Nothing could illustrate better how unsafe it would be on a hearing of this kind, where the rule is that the defendant should make out a convincing attack upon the novelty and validity of the patent than to rely upon an expert affidavit such as that which has been put in by Mr. Vansize. About the only thing my brother Mitchell thought worthy of reading out of that affidavit was a selection from an alleged French article, from a French newspaper, which gave a partial extract concerning the formation of a record by gouging out-- and he laid tremendous stress on that, putting even more than his usual vehemence into it. Yet Vansize, the maker of that affidavit, I venture to say, never saw that French article, and he never translated it; it is an alleged translation of something he never saw, in a language he cannot read. It was a garbled translation put into the record and corrected afterwards by the person who put it in; but it is good enough for Mr. Vansize and Mr. Mitchell; and that is why I criticise the way that expert affidavit was made up.

I do not know whether the machine which Mr. Knight attempted to use somewhere along in the Summer of 1891 gave a test of Mr. Knight, or a test of the machine. I don't know what happened to Mr. Knight the first time he ever tried to ride a bicycle, if he ever did, and I don't know what happened to him the first time he tried to operate a sewing machine, if he ever did; but I know that a failure of that kind to make a machine work counts as nothing against a hundred or a thousand, or even one instance of a case where it did work. It is on record and known to all the gentlemen here that the very first graphophone ever put out went to the arduous work of reporting the debates of Congress and that these machines have done that work from that day to this. The very first machine that ever came out of the factory (and the man who used it is here, he was at that time a reporter of debates in the House of Representatives) ~~xxxxxx~~ performed that work with entire success. So too with the assertion which Mr. Mitchell made here today with regard to the worthlessness of these machines; that has been simply overwhelmed with proof of machines in actual commercial use and doing the ~~xxx~~ most arduous work with entire success.

But that is not the question here; it is not a question whether the first machine made was useful or not, it is a question whether the invention was useful, and whether the patents described that invention and the claims



cover it. The invention is for the making of sound records by a process of engraving. That thing was new in 1886, it was invented by Bell & Tainter, it is covered by this patent, it is the method which is today in use in a hundred thousand machines in the hands of a hundred thousand persons. The idea of anyone not knowing that; they know it not only from the records in this case - which, if my brother Mitchell had had time to read them, he would have known, but of course he hadn't time - not only from that, but it is a matter of common history, and every well informed person knows that the process of engraving sound records is an extraordinary utility. The idea of standing up here and bringing in an affidavit made by a hostile expert and instancing the failure of one person to make a machine work as condemning that machine and that patent! I am astonished at hearing any such argument as that from my brother Mitchell. But Courts have had to deal with that proportion ~~xxxx~~ over and over again. The Bell telephone as it was patented never went into use. The Howe ~~xxxxxxx~~ telegraph as shown in the patent never went into actual use. So you may say of every great invention, the greater it is the sooner it will be displaced by more improved forms, but following the same invention. Upon that subject Judge Coxe in *Mergenthaler Linotype Co v. Press Pub. Co.* 57 F.502,506, says:

"It would certainly be a novel doctrine to deny to an inventor the fruits of a broad invention because the machine which first embodied it was rudimentary in



character and failed to do so good work as the improved machines made subsequently. None of the great inventions could survive such a test. Ten years after the invention of Howe, the machine first made by him would hardly have satisfied the least exacting sewing woman. The Dodds & Stephenson locomotive would, only a short time after its construction, have been discarded as behind the age, even by the savages of Tasmania. The telephone of Bell is not the perfected telephone of commerce. The Morse telegraph is looked upon today as an interesting antique, and yet it would be an unheard of proposition to withhold from these illustrious men the credit they deserve because their machines were crude at first and were improved afterwards".

Yet that doctrine seems to commend itself to my brother Mitchell as worthy to be presented to your Honor in opposition to our request for relief.

It is surprising how the same facts will apparently have in different persons minds an entirely different bearing. I have been surprised at many things today, but at nothing more than the use our friends on the other side have attempted to make of the prior litigation in this Court known as the New Jersey Phonograph Case. In the first place they seem to think that no defence to this patent would be adequate unless it appeared in a book of that size (indicating record in Edison Phonograph case). I question that proposition emphatically. The Courts have begun to condemn right and left the practice of making up these monstrous records in patent cases, and particularly the gossip and irrelevant talk in which experts usually indulge under the pretence of instructing the Court. The Courts now prefer to have, if the defence is that the thing existed before and was covered by a patent, the production of the patent itself; if it was in a publication, the production of the publication. Then the Court



can usually, unless it is something involving a very intricate matter or a very obscure question of science, read the patent or publication and say whether it is there or not. Admitting as I do cheerfully, that all this immense mass of matter has never been in any case since then (although it had been open to everyone who wanted to put it in), the fact remains that the same defense, namely this engraved sound record, was not a new thing, that Edison made it, that it was in the possession of the public before the Bell & Tainter patent, and based upon Mr. Edison's work, has been in every case; and what Mr. Edison did was shown by his United States patent and British ~~and~~ patent. If there be other patents or publications they show no different thing. If the thing existed one instance of it is enough to prove it, and the fact that ~~there~~ there were forty nine other instances of it in existence which were not produced goes for nothing, I should say. The broad fact is that at the time of the invention of Bell & Tainter the public did not have in their possession any sound record at all, much less did they have an engraved sound record; nor did they have any means for making one. That is the broad fact which is a matter, as I say, of general knowledge and common notoriety. Then there is the other broad fact that this patent came out and gave to the public the engraving process, and the engraved sound record, which has been in use from that day to this, and the use of which ~~is now~~



constantly spreading. Those two facts alone, without anything else, would afford very strong presumption that the public got that invention from Bell & Tainter, <sup>did not</sup> and ~~xxx~~ that Bell & Tainter <sup>^</sup> got it from the public who had it already. We know the public did not have it. That being the case, and this record being made up for this Court, Mr. Edison himself consented to a decree against him, and we went out of this Court, not running away from it as Mr. Mitchell said, but going out of it with the final decree of this Court sustaining this patent, in our favor, and a decree which, as it came with the consent of the only man on earth who ever did anything in the art before us, ought to have almost as much force as though it were actually made after investigation by this Court itself.

THE COURT: Didn't he get some consideration for that, I mean in settlement?

MR. MAURO: He got a license in exchange for the use of inventions which he gave to us.

THE COURT: Then there ~~was~~ <sup>were</sup> mutual concessions moving to that abandonment by him?

MR. MAURO: There were mutual concessions, but the point is this:- If Mr. Edison could have prevailed on that defence, if he could have thrown out patents out, he would have been entire master of the situation. He had a patent for a tin foil record, and of course that was not adequate because it was not useful; nobody every used it, it is not in use today. That is all he



ever did before us. I don't know if my brother Mitchell really thinks those other things he spoke about were before us or not, but they were later. The Bell & Tainter stands in this way in ~~xxxx~~ the art. In the official gazette for 1895, is the report of the Commissioner of Patents to Congress on different inventions. Under the head of "Phonographs" he says "The phonograph art, including an active line of inventions, may be said to have had its origin in 1877. On February 19, 1878, the patent to Edison, No. 200,521, was issued. Probably the greatest advance in the art has been the cutting of the record on a solid body (See Patent No. 341,214, May 4, 1886, To Bell & Tainter) instead of indenting it by means of the vibratory style. By means of this improvement permanent and accurate records are made; and the phonograph is put to many practical uses to which it was not adapted before said improvements".

So much for the attack on the novelty. And I wish to say, to condense that whole thing into a proposition, that it seems to me the difference between myself and my friends on the other side is over a proposition of law. My brother Hayes stated the rule this morning that, if they could show they were prepared to make a vigorous and sturdy defence and set up a great many things at the final hearing which your Honor would have to investigate, if you did not follow the adjudications already had,

that would be enough to defeat our application, and he certainly, on that theory, made out a very excellent case because he showed there were a great many questions the defendants were prepared to raise. I differ ~~xxxxxx~~ with him as to the rule of law. My view of the law is, and on that I ask your Honor to rule, that the fact that there are a great many questions which the defendants are prepared to raise at the final hearing is a reason why those questions should be deferred to that final hearing and the patentees should have the benefit of the adjudications which have already been rendered; and ~~xxxxxx~~ if they were not as well defended as they might have been, as to which I do not think there is any question here, that was certainly not our fault.

Now comes a proposition, and a very extraordinary one, advanced by my brother Mitchell that we or somebody else by selling a blank tablet thereby gives the purchaser of the tablet the right to make a sound record upon it, and that he acquires the right to make, by any means whatever, a sound record on that tablet.

MR. MITCHELL: If you do not limit him.

MR. MAURO: And Mr. Mitchell says that is a new proposition. Well it ought to be new, because I don't think anybody would advance such a proposition twice, but it is not. That proposition was advanced in the Jones case and ruled upon by Judge Grosscup, and his ruling is in this record, and it was advanced in the Walcutt & Leeds



case.

THE COURT: What are they going to do with them, make originals?

MR. MAURO: Certainly; use them on the phonograph, that is the purpose for which they are used and sold. They have the right, being in the possession of a machine for making a sound record, and a blank for making one, they have the right to use that machine and that blank to make a sound record, but to say that because we sell blanks the public have the right to make duplicates and copy our sound records is a proposition which I do not think I ought to waste any words on, particularly as Judge Grosscup has ruled upon it. He says that the sale of a sound record and the sale of a blank give the owner a right to use them for their proper purposes, but it does not give them the right to make a duplicating machine and copy on that blank a sound record.

"The license implied in a sale can, by no implication, be made to include a license to counterfeit what otherwise would not be permissible. The transference was made not by the normal operation of sound, but by an artificial mechanism".

If there is any merit in that proposition we need not wait for a final hearing, we can certainly dispose of that proposition now, and I think I have done so.

Brother Mitchell made another statement which I must attribute to his want of familiarity with all these proceedings. He says this case is sui generis; that in no case heretofore has the infringer had in his possession

a licensed machine and blank which he purchased from us or the Edison Company.

That was exactly the Walcutt & Leeds case, and their sound records, when they were made by a duplicating machine, were held to be infringements, after a full inquiry into this patent.

We have stated our position with reference to the prior art, and with reference to the attack on the novelty of the patent; with reference to that suggestion of a license growing out of a sale of blanks without restriction, I say that question is not open.

There is one other question and that is the effect of the discontinuance of the suit, which was brought against these same defendants in 1894, and I may say, having been in full charge of all that litigation, that if I could have obtained the evidence then, and had known at that time that these defendants had made duplicates of records, we would not have delayed, and did not delay after we obtained that information, <sup>in</sup> proceeding against them. But that is of no consequence. The discontinuance of that case did not adjudicate anything. But assume that it determined every issue between the complainant and defendant up to that date, it did not then give them the right to do anything thereafter, it did not reach out into the future. It terminated only what was at that time in issue between those two parties. For <sup>a</sup> year and a half after that suit was discontinued the operation of making those



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sound records occurred; will anybody soberly assert, even if it were the same kind of infringement, that the discontinuance of that suit in 1896 disposed<sup>of</sup> a cause of action which did not exist until the year following?

But there is not any attempt to dispute this assertion, which I have made in my affidavits and which the quotations that Mr. Hayes makes from that record bears out, that the cause of action was of a totally different kind. When Mr. Edison settled with us for his past infringements that of necessity terminated these suits which were brought against persons who simply used his material. That is all there was in this case, and if the defendants had used duplicating machines, if they had made these duplicating machines, as they say, at that time, we did not know it, and if we did, it did not make any difference, for that was not involved in that case. There is not any room to question that.

One word more I wish to say with reference to the attempts that have been made to belittle the force of prior <sup>on this patent</sup> ~~xxx~~ adjudications, especially that in the Walcutt & Leeds case, and I want to call your Honor's attention there to the extraordinary misstatements, false statements, of Mr. Tewksbury's partner Walcutt, and of his counsel Mr. West. I am sorry Mr. West is not here to hear me say it, but I am obliged to do so. Mr. West says that he did not defend that case on any ground but the question of license and he says that he did not resist the Walcutt & Leeds motion at all - that is in the Limited



case.

The fact, as to the defence of the Walcutt & Leeds litigation is that the defendants not only had before them the entire "Edison defence", but that they availed themselves of this defence not only in their proofs on final hearing, but also in their defence papers on motion for preliminary injunction. Thus, we find in the suit against Walcutt & Leeds, a showing of alleged prior patents, both United States and English, alleged prior publications, and alleged prior uses of the patented devices. Substantially all of these alleged prior patents were introduced in evidence, as appears at pages 8 and 9 of defendant's record. The witness Walcutt after testifying on the license proposition testified that the drawings and specifications of patents, No. 341,214, do not disclose a practical phonograph or graphophone,-- made the same statement that Mr. Mitchell made here, and perhaps Mr. Mitchell got it from him - that the invention of that patent was anticipated by the Edison tin foil machine shown in a certain prior publication, that sound records could be made upon various devices and materials, such as candles, celluloid, castile soap, meerschaum, etc., that the patents in suit were anticipated by the Reynold's patent (Introduced as an exhibit) etc. etc. Practically the same matter of defence is disclosed by the record in the suit against Walcutt individually. In his brief on final hearing Mr. West argued that the



patents in suit were met by Edison patent No. 200,521, and Reynold's patent No. 227,166, and by a prior issue of the "Scientific American," and concluded,

"To repeat, the patent is invalid (1) because the claims are function; (2) because anticipated by Edison, Reynolds, and the article published in the 'Scientific American', (3) because the machine of the patent is useless, and (4) because the beeswax and paraffine spread on flat paper is useless and inoperative and no contribution or of practical use in the art. The defendants do not infringe.      x      x      x      x. "

Turning now to the motion for preliminary injunction in the suit against Walcutt & Leeds Limited, defendant's opposing papers include elaborate quotations, covering nine sheets of typewritten matter, from the record made up in the suit against the Edison Phonograph Works, and directed to the "Edison defence", and embracing I believe that very ticklish deposition which Mr. Mitchell says has never been introduced by anyone. The carelessness of the statements made here by counsel, particularly by my brother Mitchell---

MR. MITCHELL: Has anyone sworn that was in? Have you proof to the contrary of my statement? I have based all my statements on the affidavit--

MR. MAURO: I will withdraw any suggestion that my brother Mitchell made a misstatement.

MR. HAYES: Is that an argument you are reading or a statement of fact.

MR. MAURO: I will put the record itself before his Honor. But I have said all I intend to about the matter, that whole subject was gone into in that case. (Mr. Mauro



here handed a pamphlet to the Court) What I have given your Honor is a copy of the record of the Walcutt & Leeds matter.

Through the fog which has been raised I think we can see clearly one or two things:-

That complainant is in possession of the patent which describes a certain thing of great utility and importance and which is used extensively, and <sup>all specimens of</sup> which, except for a few infringers ~~off it~~, are all made under that patent. We can see that in every case where the patent has been judicially considered it has been sustained as to every claim that has been examined by the Court. Therefore complainant certainly has the right at this date, twelve years after the issuing of that patent, to the benefits of it. We can see that the defendants have not in anything that they have brought forward shown the existence of that invention, and the existence of an invention under the patent law means existence in its complete, available and useful form and actually in the possession of the public; they have not shown that, they have not attempted to show it and it does not exist. All they have done is to show your Honor a large book and say, and I agree with them, that you cannot be expected to examine-- (how can any Court be expected to examine)-- the contents of that volume on an application for a preliminary injunction.

What is the alternative? One of two things - Either the rule of law is as I have stated it or it is as my



Brother Hayes has stated it, and That I conceive to be the only question fair and open in this case, and I leave it to your Honor's decision.